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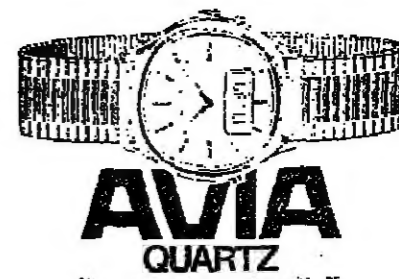
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FINANCIAL TIMES

No. 27,724

Saturday November 25 1978

السبوت ٢٥ نوفمبر ١٩٧٨



NEWS SUMMARY

GENERAL

Court hears Thorpe letters

The prosecution in the Jeremy Thorpe hearing alleged at Ninehead yesterday that millionaire industrialist Jack Hayward unwittingly funded a plot to murder Norman Scott.

The court also heard letters alleged to have been written to Mr. Hayward by Mr. Thorpe, in which the former Liberal leader described Peter Bessell as "a bastard" and, on another occasion, wrote "damn the man."

Mr. Hayward told the court that he first met Mr. Bessell in 1970. It was Bessell who convinced Mr. Hayward to make a substantial donation to the Liberal Party. It amounted to £150,000.

In one letter Mr. Thorpe asked for £50,000 to cover "an overlap on some expenditure I would prefer not to argue about." He asked for one cheque for £50,000 to be paid to the Liberal election fund and one for £10,000 to be sent to Nadir Dinslaw, a Jersey businessman and the godfather of Thorpe's son.

Mr. Hayward also said that Mr. Thorpe asked him to put pressure on Mr. Bessell for money owed to him (Hayward) and threatened that if Bessell came back to this country "I would serve a writ on him for bankruptcy." Mr. Hayward said he took no action.

Zambia hostile

Prospects for an all-party Rhodesia conference in London look bleak, with President Kaunda of Zambia pessimistic and British envoy Clewden Hughes expected to be given a hostile reception in Lusaka. Page 2

Death toll up

The U.S. State Department said the death toll in the Guyana mass suicide could reach 800. More than 600 bodies have already been found at the former headquarters of the People's Temple sect where a U.S. Congressman was killed last week.

Portugal riot

Riot police used teargas to disperse hundreds of youths wearing Nazi-style black shirts and swastika armbands who rampaged through Oporto, Portugal's second city.

Rates pessimism

The Government has told local authorities to keep rate increases below 10 per cent, a view the authorities said was at best optimistic and at worst unrealistic. Back Page

£3.5m spillage

Trade Department says the cost of the east coast Eleni V oil spillage was about £3.5m. The Government hopes to recover all the money from the shipowners or their insurers.

Historic auction

The first ever auction of bonds and share certificates, organised by Stanley Gibbons in London, raised £23,600—almost double the estimate. Top price of £1,600 was paid for a Spanish Government bond issued in 1749. Page 22

Time running out

Tomorrow's Sunday Times could be the last for some time. The group is only six days away from the date on which it has said all publication will be suspended and the National Graphical Association is still refusing to attend talks. Page 3

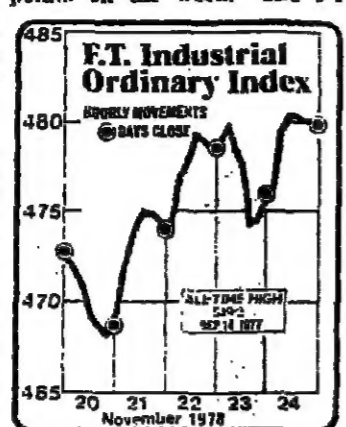
Briefly...

Two men were jailed for six months at Carnarvon for conspiring to damage television transmitter installations.
Bolivian armed forces ousted President Aspin in a bloodless coup. Page 2
Four people were hacked to death and a fifth shot in southern Thailand.
Eight children were hurt when a car ploughed into a Glasgow bus queue.
Wife of Ronnie Wood, the Rolling Stones guitarist, wants a divorce.

BUSINESS

Equities gain 7.1 on week to 479.9

● EQUITIES resumed their technical recovery, gaining 7.1 points on the week. The FT



Industrial Ordinary Share Index yesterday rose 3.9 to 479.9. Gold mines index was 1.2 up at 134.1.

● GLITS were unsettled by the rise in U.S. prime rate and lost earlier gains to close unchanged at 62.30.

● STERLING fell 65 points to £1,939.00, partly because of the U.S. prime rate rise. Its trade-weighted index was 62.3 (62.5). The dollar recovered after a week start to DM 1.9305 (DM 1.9187). Its trade-weighted average depreciation was 8.3 per cent (8.5 per cent).

● GOLD fell \$1 an ounce in London to \$201.1, but was \$3 up on the week. In New York, Comex November settlement was \$203.43 (\$201.30).

● WALL STREET gained 3.12 in close at 810.12, a 12.30 rise on the week.

● WILSON COMMITTEE on the City is prompting the big four clearing banks to announce whether they will reveal details of their bad debt provisions in their next accounts. The committee has already notified the Committee of London Clearing Banks that it would like to know the banks' decision when it gives evidence on Tuesday. Lex

● ROTHSCHILD BANK, the Zurich associate of the London merchant bank, has been excluded from an international bank issue for an Algerian bank because of the Middle East crisis. Back Page

● INTEREST RATE on investment account deposits at the National Savings Bank being raised from 9 1/2 per cent to a record 12 per cent. Back Page

● DAIRY FARMERS in England and Wales have voted unanimously for keeping Milk Marketing Boards in a referendum demanded by the EEC. Page 3

● VOLKSWAGEN's exploratory talks for a stake in the privately-controlled computer company Nixdorf have been abandoned. Page 21

● ATOMIC power workers have rejected a 5 per cent pay offer from the UK Atomic Energy Authority and are seeking a meeting with the Energy Secretary. Page 3

● BL CARBON workers at Solihull have voted to reject a strike call and continue talks over their demand for a new grading structure. Page 3

● BASF, the West German chemicals group, suffered an 11.9 per cent drop in its pre-tax profits from DM 863m to DM 760m (about £206m) in the first nine months. Page 21

● ROBERTSON FOODS had higher turnover at £37.42m (£33.38m) in the first half, but pre-tax profits fell to £758,000 (£889,000). Page 18

● J. E. SANGER, international meat trader, incurred losses of £175,000 in the 15 months to June 30 compared with profits of £113m for the previous year. Page 18

● BRITISH LAND has increased its shareholding in City Offices to 7.78m shares, a strategic 29 per cent. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RICES		UNITED ENGINEERING	
Armitage Shanks	751 + 41	United Scientific	250 + 9
Armour Trust	101 + 2	WGI	130 + 10
Avana	67 + 3	BP	236 + 12
Beecham	629 + 7	Scotch Whisky	415 + 65
Borthwick (Thos.)	63 + 3	De Beers Ltd.	350 + 6
Bristol Tool	31 + 6	Union Corp.	294 + 8
Capital and Counties	62 + 21	Westfield Minerals	320 + 20
Marlborough Prop.	22 + 11		
Metal Box	228 + 8		
NSS Newspapers	106		
Parker Timber	122 + 8		
Racal Elec.	226 + 6		
Read Tann.	156 + 6		
Saatchi and Saatchi	130 + 5		
Seabury PB	352 + 9		
Stewart-Plastics	152 + 7		
Tunnel B	280 + 10		

EMS Green Paper backs objective but wary of details

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government's Green Paper on the proposed European Monetary System takes an unexpectedly positive view of the creation of a zone of monetary stability. But it remains non-committal about the precise exchange rate mechanism to be used.

The Government says it cannot yet reach a conclusion on whether it would be in the UK's best interests to join the exchange rate zone of the monetary system as it finally emerges from the negotiations. Several times the Green Paper draws a distinction between the goal of monetary stability and the detailed exchange rate arrangements.

This view underlines the likelihood that the Prime Minister will tell the other EEC heads of government in Brussels in ten days' time that the UK favours the establishment of a monetary system but that it has reservations about the technical aspects which have not yet been resolved.

Consequently, the UK may not agree to participate fully and link sterling immediately with other EEC currencies. In that case, full membership will follow when discussions on the broader proposals had been successfully completed.

This was hinted at by Mr. James Callaghan on Thursday when he told Labour MPs that Britain would not take a final decision on joining the system at the Brussels summit.

The Green Paper's emphasis on the broader objectives contrasts with the stress placed during the detailed talks of the last five months on the significance of the technical aspects.

The Paper says: "It is im-

portant to make clear first that, in the Government's view, the choice to be made in the coming weeks relates not to a European Monetary System on the basis laid down in Bremen (the last EEC summit), but in the narrower issue of a particular exchange rate mechanism which is not yet fully negotiated.

Some may regard the system as little more than an exchange rate mechanism, supported by central bank swap arrangements. "The Government sees it as much more than that. It believes the scheme was conceived as more than that at Bremen and needs to be more than that if it is to contribute to greater stability in the international monetary system."

The Green Paper says that, in advance of agreement on the nature of the scheme, only the most general statements are possible. It contains no detailed or quantitative assessment of the possible economic impact.

The Government effectively rejects the argument that the UK's economic independence would be threatened by pointing out that the exchange rate cannot be freely manipulated to inflate the UK from developments abroad.

"It has in fact become increasingly important to maintain reasonable stability of the sterling exchange rate in order to promote stable trading con-

ditions and diminish business risk."

To accept a formal commitment to exchange rate stability would not therefore represent a major break with existing policy. The Government also sees "no objection of principle against entering into international agreements to maintain stability in the exchange rate with the help of co-operative credit and reserve asset arrangements. . . . It is wholly appropriate that we should do this within the European Community to which we belong."

This section is likely to annoy the many anti-market forces within the Labour Party, while both these critics and others are likely to disagree with the Government's rejection of a policy of a depreciating sterling rate.

The Government reiterates its determination to work "for a continuation of the exchange rate stability which sterling has enjoyed for nearly two years."

The Green Paper discusses the possible impact on price competitiveness and the balance of payments of the assumption—that the average exchange rate would be a little higher inside the EMS regime.

Continued on Back Page
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Editorial Comment Page 16
Italy to join EMS, Page 2

Callaghan hints at part membership for a while

BY ROBERT MAUTHNER

PARIS, Nov. 24.

MR. JAMES CALLAGHAN hinted strongly today that Britain might participate in some aspects of the proposed European Monetary System, without becoming a full member from the very beginning.

Speaking after talks in Paris with President Giscard d'Estaing, Mr. Callaghan emphasised that there had never been any doubt that the creation of a zone of monetary stability could be only of benefit to Europe and the world as a whole.

He also said that a Community scheme must embrace all nine member countries. But not all countries necessarily had to adhere to all parts of the scheme. Some might decide that they were more concerned with certain aspects than others.

It was the first time that Mr. Callaghan had spoken in public of the possibility of partial British participation in the scheme. Though the Prime Minister did not elaborate on his

cryptic remarks, it is understood that the British Government is exploring the possibility of taking part in such aspects of the EMS as credit arrangements, review procedures, the harmonisation of economic policies and the relationship of EMS to other currencies, particularly the dollar. The British view is that such partial participation is possible, when the scheme is set up on January 1, without bringing the pound into the narrower margins system.

The French President expressed the firm hope that the final decision to be taken on the system at the European Summit on December 4 and 5 would be of the type which would either ensure British participation from the outset or when the British Government considered the circumstances to be favourable for membership.

The British and French leaders also reached agreement on the controversial question of the extension of the European Parliament's powers after it is elected, which has been the subject of a bitter debate in France over the past few weeks. Mr. Callaghan emphasised that the British Government, like the French, intended to ensure that the European Parliament's powers should be strictly limited to those laid down in the Treaty of Rome.

Brussels fishing talks collapse

BY MARGARET VAN HATTEN

BRUSSELS, Nov. 24.

EEC Fisheries Ministers broke off talks indefinitely today after Britain put forward detailed and specific demands for a share-out of fish in its coastal waters.

Mr. John Silkin, the UK Agriculture Minister, stressed that these were "not the end word" and were intended as a clarification of the British position. But if he expected this clear invitation to negotiate to be taken up, he miscalculated.

The other eight Ministers quickly decided that the document was written for a British domestic audience and was no

basis for discussion. They complained that it violated the basic non-discrimination principle of the Treaty of Rome and ignored the progress made in intensive bilateral and trilateral talks over the past month.

Mr. Josef Tsch, the German Minister and president of the Council of Ministers, said after the meeting that the issue would be referred to the EEC heads of state meeting here on December 4 and 5.

"No further progress seems possible at this level," he said. "I am deeply disappointed with the British document."

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For latest Share Index phone 01-246 8826

BBC declares licence rise not enough

BY ARTHUR SANDLES AND LISA WOOD

CONTINUED restraint on technical and programme investment in 1978 because of phase and the real prospect of severe pay difficulties with broadcasting unions are the most likely immediate results of the Government's decision, announced yesterday, to raise the BBC's colour television licence fee from £21 to £25 and the monochrome fee from £9 to £10.

The increase is to be effective for a year, full well short of the £25 the corporation has been seeking and again restrict the BBC to short-term budgeting. The BBC had wanted the fees fixed for the next three years.

Mr. Ian Trethowan, director-general of the BBC, said that the £25 was "much less than we wanted" and that the corporation "could not now make all the improvements to the service we had planned."

Sir Michael Swann, BBC chairman, accused the Government and the Tories of "frightful hypocrisy" over licence fees. He said the BBC had been forced to cut back on its services and that the Government's decision was "a disgraceful attempt to keep the BBC in the red."

The BBC has appealed to the Government to be made a special case so that differentials between its pay and that of ITV may be removed.

Mr. Trethowan said that the increases were far from planning and had in principle. The one aspect of the announcement that he welcomed was the prospect of talks with the Home Office about future practice.

The fee increases have been challenged by a group of Labour backbenchers, led by Mr. Alex Lyon, MP for York, a former Home Office Minister. They have put down a motion to annul the Home Office order to give local authorities the right to opt out of the increases, which operated from midnight.

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Brussels probes football deal, Page 22

Is w22- bill is about £140m. Many BBC staff were

Esso drivers reject deal

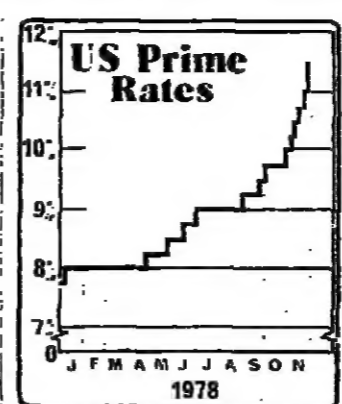
BY NICK GARNETT, LABOUR STAFF

THE THREAT of a dispute between the major oil companies and their tanker drivers worsened yesterday when union negotiators at Esso rejected the company's pay and productivity offer.

Similar "final" offers within pay guidelines by Shell and BP have already been rejected. Conferences of senior shop stewards at the three companies will be held next week.

Offers due to be made by Mobil and Texaco are also expected to be turned down.

The tanker men, whose claim includes a "forward commitment" on overtime rates from a previous settlement which would alone be worth 8 per cent, imposed an overtime ban during last year's talks which cut petrol supplies by up to 30 per cent.



Prime rate up to 11 1/2%

BY DAVID LASCELLES

NEW YORK, Nov. 24. U.S. INTEREST RATES took a further surge upward today. A sharp 1 per cent rise in the prime rate to 11 1/2 per cent was announced by major U.S. banks, bringing the key interest rate back to the 12 per cent record set in July 1974. At the same time the Fed acted to tighten credit in the Fed funds market, pushing rates close to 10 per cent.

The move in the prime was triggered by Citibank, which calculated its rate according to a formula based on rates on 90-day commercial paper. It was quickly followed by the large New York regional banks.

The increase had an immediate effect on the foreign exchange markets, where the dollar scored sharp gains against most major currencies, albeit on thin trading here, due to the Thanksgiving Day holiday.

Wall Street, however, showed little or no reaction largely because the move had been predictable for a number of days. The rise reflects continuing upward pressure on interest rates, particularly in the short-term markets, and the banks' rapidly growing cost of funds.

The latest three-week average for 90-day commercial paper is about 10.20 per cent against less than 10 per cent last week, when banks nudged the prime rate up to 11 per cent.

The Fed's intervention in the Fed funds market pushed overnight rates down from 11 1/2 to 10 per cent before easing back to 9 1/2, the level at which dealers now expect it to stay till the early part of next week.

The rise in interest rates occurred despite a drop in the base money supply. M1 fell to a seasonally-adjusted average of \$361.3bn in the week ending November 15 from \$362.4bn the week before, putting the four-week average 5.5 per cent up on 13 weeks before, which is within the Fed's target range.

£ in New York

	Nov. 24	Previous
1 month	1.9390	1.9380
3 month	1.9380	1.9370
6 month	1.9370	1.9360
1 year	1.9360	1.9350

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OVERSEAS NEWS

Steel industry gives Carter a victory over inflation

BY STEWART FLEMING

NEW YORK, Nov. 24

PRESIDENT CARTER secured an important, albeit predictable, victory for the second stage of his anti-inflation programme today when U.S. Steel, the industry's leading producer, announced it would increase its prices by an average of 3.2 per cent from January 1.

The company and the President's council on wage and price stability described the increase as being within the guidelines set by the price standard of the anti-inflation programme.

The council said that during the base period for which the price standard is set—1976 and 1977—U.S. Steel had increased prices by an average of 8.8 per cent a year. The new programme allows the company an increase of one half a percentage point below that is per cent, of which no more than half (4.1 per cent) can be in the first half of the year.

The council said that adding an earlier increase in the price of iron plate to the U.S. Steel increase brings the company's total increase since October 1 to 10.1 per cent.

The Carter Administration will undoubtedly be pleased with such a demonstration of compliance from a company which has in the past proved recalcitrant, especially since the rest of the industry is expected to raise prices by similar amounts.

It has been plain, however, from an announcement earlier in the month that the Administration had effectively pressured the steel industry into compliance in return for a 7 per cent increase in the trigger price in the first quarter of next year. The trigger price, a system administered by the U.S. Treasury, is designed to control imports of foreign steel.

By increasing the trigger price, the Administration claims to be holding back imports, since steel coming into the country below trigger price levels faces anti-dumping investigation. The increased trigger price also gives the U.S. industry more leeway for raising its domestic prices without having to worry too much about being undercut by foreign steel makers in its domestic market.

Since the trigger price system came into effect in April this year, its impact on the volume of steel imports has been questioned. But few doubt that it has been a key factor behind the ability of U.S. steel companies to raise domestic prices by between 15-20 per cent in the past 12 months, increases which have contributed to handsome profit

tax returns. The industry's success in raising prices is also a factor in its decision to raise prices by 3.2 per cent, down from the 8.1 per cent originally requested. According to the railroads, this will be below 61 per cent net, because of the time it takes for increases to work their way through the system.

The railroads, which say they face a total deficit of \$200m on their freight operations next year, say \$800m in fixed charges have been seeking \$1.7bn in extra revenues. Mr. William Dempsey, the Railroad Association president, says the 1 per cent reduction will cost the railroads about \$200m a year at a time when earnings are falling and costs are rising.

The revised request averages 7 per cent, down from the 8.1 per cent originally requested. According to the railroads, this will be below 61 per cent net, because of the time it takes for increases to work their way through the system.

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Deposed Pres. Pereda

Army chief takes over after coup in Bolivia

By Robert Lindley

BUENOS AIRES, Nov. 24

IN A BLOODLESS coup early today, the Commander-in-Chief of the Bolivian Army, Gen. David Padilla Arancibia, deposed the four-month-old military regime of Gen. Juan Pereda Asbun.

A communiqué from Government House in La Paz said that the armed forces "have decided to assume the leadership of the country, return to the people their rights and liberties, and, once and for all, allow them to elect their rulers by universal and democratic suffrage."

Bolivia appears to be governed now by a centrist triumvirate headed by Gen. Padilla, who informed the former president of the election that he would be deposed at 3 a.m. today.

The whereabouts of Mr. Pereda Asbun, a 47-year-old air force general, are not known.

He was in power in July, after deposing President Hugo Banzer. Banzer, however, was deposed by Pereda Asbun for his role in the election that brought him to power.

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BELGIAN STEEL INDUSTRY

Rescue plan timed before December elections

BY GILES MERRITT

BRUSSELS, Nov. 24

PUTTING a precise figure on the Belgian Government's plan to reorganise and streamline the steel industry is understandably difficult. But it is already clear that the BFR 10bn sum now being mentioned in Brussels is a long way from the BFR 60bn (€1bn) that the scheme will finally add up to.

Put another way, the bill to the Belgian taxpayer for buying an average 50 per cent stake in the steel industry's half dozen principal companies, cancelling out much of their existing debt to the State and providing new work for approaching one-third of the industry's 45,000 work force, will eventually total an amount that is uncomfortably close to the figure that was targeted for Belgium's entire 1978 budget deficit.

Yet the Belgian plan is a middle-of-the-road strategy aimed at preserving the structure of Francophone Wallonia's oldest industry, while keeping job losses to a minimum. It is no accident that Belgium's caretaker coalition Government headed by M. Paul Van den Broeckmans, has unveiled the plan only weeks before the country's December 19 general election, and it was no surprise that in the same breath

it promised similar aid for the textile and shipbuilding industries of Flanders.

Inside the EEC Commission, steel industry experts point out that in terms of industrial logic Belgium's choice should be to close its least competitive units making long products, such as bars and sections, and concentrate on flat products, like sheet and coil. Political logic, however, in a country which has a 6.7 per cent, the EEC's second highest unemployment level, dictates a policy that gives jobs.

The steel plan may be far from the thorough overhauling required, but it is, nevertheless, a tough programme for the Belgian industry to accept. And proof of that is the fact that it has been under discussion in a phase of its scheme, there must be added at least BFR 30bn in debt and unpaid interest charges that the state is owed. Cockerill, the largest of the steel companies, with almost 5m tonnes of the industry's total output of 11.3m tonnes in 1977, has outstanding debts of over BFR 27bn, while the overall indebtedness of the industry has been placed at a staggering BFR 72bn.

The details of the state participation in steel are, however, almost certainly much less significant than the implications regarding the rest of European steel industry, and the EEC Commission's move, which incidentally, still has to be approved by the trade unions in the footsteps of earlier industries, and in much the same nationalised positions as France, Italy and the UK.

For the Belgian Government's announcement of the plan coincides with a period of serious split that has divided the Nine over this same issue. West Germany, backed by the Brussels Commission, has registered a strong objection to national aid, such as those that EEC countries with nationalised steel industries have been resorting to. To back up its position, Germany has threatened to withhold its signature to external agreements limiting steel imports into the Community next year.

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Italy set to take part in EMS

BY RUPERT CORNWELL

ROME, Nov. 24

AFTER HESITATION and second thoughts, Italy now seems set to take its place among the EEC countries taking part in the European Monetary System, assuming that this comes into being next year as planned.

This was the impression left by Sig. Filippo Maria Pandolfi, the Treasury Minister, when he met economic experts from various parties supporting the minority Christian Democratic Government shortly after his return from the London talks between the Italian and British Prime Ministers.

What appears to have swung a finely balanced decision in favour of participation was the concession to Italy at the European Finance Ministers meeting last Monday of a special 6 per cent fluctuation margin for the lira. Although this is less than

the 8 per cent first demanded by Sig. Paolo Baffi, Governor of the Bank of Italy, it is significantly more than the Franco-German offer of 4.5 per cent, three weeks ago.

This tactical gain in Brussels seems to have convinced the Italian politicians that the lira will have enough room for manoeuvre to escape the worst of any speculative attack, even if the absence of sterling from the system leaves the Italian currency as the only obviously "weak" target within the arrangements.

Sig. Pandolfi's remarks coincide with a noticeable softening of the attitude to the monetary scheme by the Italian Communist Party, whose hostility has been a powerful factor in the coolness of the Government to the EMS. An economic policy statement

in the party newspaper this morning still insists on the need for changes in the Community's monetary policy, and for genuine harmonisation of economic policies among the Nine, as well as on extra EEC aid for the depressed South.

But it concludes that Italy can join the scheme on the basis of the conditions laid down by Sig. Pandolfi, a marked switch from the thoroughly negative stance of Sig. Luciano Barca, the Communist economic spokesman, earlier this month.

Meanwhile Sig. Giulio Andreotti, the Prime Minister, has continued consultations over next week's Government reshuffle. The centrepiece is likely to be the replacement of the outgoing Industry Minister, Sig. Carlo Donat Cattin, by the Bologna economics professor, Sig. Romano Prodi.

\$694m trade surplus for S. Africa

South Africa has reported a healthy trade surplus, despite higher defence spending, increased oil costs, and the threat of economic boycotts, AP reports from Johannesburg. In the first 10 months of the year, the trade surplus was \$694m.

Export earnings rose by a fifth from \$5.4bn in January-October 1977 to \$6.7bn. Exports of minerals, other than gold, increased significantly. The statistics do not include gold. The import bill, however, rose by a fifth, from \$5.8bn in 1977 to \$6.9bn this year, according to preliminary figures. Economists blamed the increase mainly on the falling value of the dollar, to which the rand is pegged. If the present trends continue, South Africa's export trade surplus by the end of the year of about \$800m.

Dutch wage pact talks broken off

By Charles Batchelor

AMSTERDAM, Nov. 24

TALKS BETWEEN unions, employers and Government aimed at reaching a wage agreement were broken off today after 31 hours. They will resume on Monday. Prospects for a central accord being reached this year are not good although today's talks have lasted longer than last year's when they were called off after only 20 minutes and were not resumed.

The two major trade union federations, the Catholic/Socialist FNV and the Protestant CNV, are seeking a shorter working week and a lower retirement age to achieve a fairer distribution of available work.

Mr. Wim Kok, chairman of the FNV, said in the latest issue of his union's newspaper "I do not see much chance of a central agreement. The employers are opposed to shorter working while the trade unions are aiming at a 35-hour week. It is totally unthinkable that this can lead to an agreement."

Prospects for an accord were not improved by the announcement of a FI 10bn programme of public spending cuts this autumn. Included in the programme is a slowing down of the rate of increase of the salaries of public authority workers and of payments to people on social security. The trade unions have condemned the cuts.

The Government's decision to send its draft Bill on the social security cuts to Parliament yesterday was strongly criticised by the unions at today's meeting.

A breakdown of the central wage talks would mean discussions would continue on an industry and company basis as has been the case in the past few years.

Wheat talks adjourn after differences over stocks

BY JOHN EDWARDS, COMMODITIES EDITOR

NEGOTIATIONS for an International Wheat Agreement between leading exporting and importing countries broke down in Geneva yesterday. The talks were adjourned because of differences over the size of "reserve" stocks to be held, and the trigger prices at which the stocks would be increased or depleted.

The main disagreement is reported to have been between the EEC and the U.S., which, as the world's largest wheat exporter, has been a prime mover in seeking an international pact to help transfer some of the heavy burden of surplus wheat stocks currently held in North America.

It had been confidently expected that the negotiations in Geneva would result in a new International Wheat Agreement since this is linked with the Multilateral Trade Negotiations, where agriculture concessions could be used to offset industrial trade agreements.

Negotiations for a wheat pact failed earlier this year after six weeks of talks in Geneva. Subsequent meetings between the major countries involved appeared to have ironed out the differences, which encouraged the holding of new talks.

Canadian reshuffle

Mr. Pierre Trudeau, the Canadian Prime Minister, yesterday announced a Cabinet reshuffle placing new emphasis on managing the economy. Reuter reports from Ottawa. Mr. Robert Andras, formerly Chairman of the Treasury Board, takes the new title of Chairman of the Board of Economic Development Ministers.

A newcomer, Mr. John Reid, has been given the sensitive portfolio of federal-provincial relations. His predecessor, Mr. Marc Lalonde, takes over the Justice Ministry from Mr. Queson. Mr. Reid previously held the job jointly with the Transport Ministry.

French inflation up

French retail price inflation accelerated to 0.8 per cent last month, a result described by M. René Monory, the Economy Minister, as "mediocre" after a series of 0.6 per cent in each of the previous two months. David White reports from Paris. Mr. Monory remained optimistic that the rise for 1978 as a whole would not pass the 10 per cent mark.

Sri Lanka cyclone

A cyclone swept across large areas of Sri Lanka yesterday. Reuter reports from Colombo. At least 46 people were killed and thousands were evacuated from their homes. AP reports from Colombo.

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Citibank lawyers report tax doubt

BY DAVID LASCELLES

NEW YORK, Nov. 24

INQUIRY by Citibank's lawyers into charges that the largest New York bank for \$14m alleged that he was wrongfully dismissed because he reported activities in many of the bank's European offices and tried to have them investigated.

Commenting on his 129-page report, released here today, Mr. G. A. Costanzo, Citibank's vice chairman and chief of bank's European operations, said that the foreign exchange regulations were voluminous and constantly changing.

"None have the precision of a 55 mph speed limit which one either exceeds or does not," he said. "In these circumstances, it is impossible for any organisation, including Citibank, to state categorically that none of its employees anywhere in the world violated an interpretation of some regulation."

The Shah of Iran told the U.S. Treasury Secretary that Iran would take a back seat in the mid-December negotiations, evidently because of his need to secure continued U.S. political support for his regime. Only one of the four countries that Mr. Blumenthal visited, Kuwait, is expected to push for a price rise of more than 10 per cent.

GREEN PAPER ON EUROPEAN MONETARY SYSTEM

Government not ready to decide whether it is in Britain's best interests to join

THE GOVERNMENT takes a non-committal view on whether the UK should enter the proposed European Monetary System in its Green Paper, published yesterday.

The paper says the Government is not yet in a position to say whether it would be in Britain's best interests to join the system.

The Green Paper relates the proposal to the international monetary environment, and describes the kind of system which the Government would like to see developed so that it could include and retain all the members of the European Community.

The proposals are due to be discussed by the Commons next Wednesday, and by the EEC Heads of Government at a summit meeting in Brussels early next month.

For about a quarter of a century after the 1939-45 war, the free world lived with a system of fixed but adjustable exchange rates which rested on international agreements reached at Bretton Woods in the U.S. in 1944. Britain played a major part in the working out and establishment of this system. The International Monetary Fund was set up to support and monitor it. The foundation on which it was built was the overriding economic importance of the U.S. in the postwar world. The U.S. was ready at that time to accept responsibility for the main reserve currency of the system, to assist considerably the reconstruction of other countries of the free world (e.g. through the Marshall Plan) and to make it possible for the central banks of other countries to rebuild their reserves of dollars.

The system of fixed but adjustable exchange rates was under great strain in the late 1960s and virtually broke down in 1971. The reason was that inflation was rising throughout the world and differences between the inflation rates in advanced industrial countries were becoming too large to be managed by the system. The U.S. had to accept that the world economy was no longer dominated by the same dominant position.

It should be truly European and capable of containing all Community members, allowing for the divergences in their economic situations.

Floating

Since 1973 the world has lived with a system of floating exchange rates, but the floating rate has often been managed by heavy central bank intervention. It has been argued that the possibility of floating rates helped the world to surmount the unprecedented shock of the oil price increase in 1973-74. The consequences of that shock to the world economy are still visible. It has helped to reduce the impact of the oil price increase on the world economy, but it has also led to a huge accumulation of payments surpluses and deficits which still persist. These imbalances have led to currency instability and still prevent the world from returning to a system of fixed exchange rates.

Nevertheless, there has been growing disillusion with the operation of floating rates. The contribution to eliminating payments imbalances, though often important, has been slower, smaller and less certain, and has been achieved at a higher cost in inflation, than was hoped. Currency movements have often been greater than was justified by the underlying economic situation, as with sterling and the dollar in some recent periods. This has been facilitated by the great increase in the volume of mobile funds, so that no country could have performed well in the face of the economic imbalances of the years since 1973.

At all events, there has developed in recent months a strong desire to move back towards greater exchange rate stability. This has been reflected in the policies and statements of governments in situations of different size, for example, those of the U.S., Japan, Germany, France, the UK and other countries of Western Europe.

Rate stability

It was against this background that in preparing for the Bonn economic summit in July, the Prime Minister put forward a five-point plan for helping the free world to surmount economic recession by achieving a higher rate of non-inflationary growth and reducing unemployment. This plan was adopted by the heads of State and Governments as the framework for their discussions and decisions. Two complementary elements in it were the need for greater exchange rate stability, which helps to foster growth and reduce unemployment, and concerted action to achieve greater compatibility in the economic performance of the major industrialised countries, as a foundation for stable relationships between exchange rates.

Consistently with the five-point plan, the European Community has this year pursued a strategy for concerted action to increase growth and reduce inflation. Member governments are now taking the measures this strategy requires. If the Community pursued this type of concerted action continuously, that would provide the right foundation for a new European Monetary System.

The Government therefore welcomed the concept of a zone of monetary stability in Europe put forward at Bremen by the Federal German Chancellor and the President of the French Republic, to be achieved by establishing a European Monetary System. This system, as outlined in the annex to the presidency statement on the outcome of the European Council at Bremen, was to have several important components. There was to be a regime of fixed but adjustable exchange rates "at least as strict as the exist-

ing snake, including five members of the Community plus Norway, was not in question. There were also to be a new European monetary unit called the ECU. This new unit was to be substituted for 20 per cent of existing reserve assets. Exchange rate intervention was in principle to take place in the Community rather than non-Community currencies. A new Community credit system was to be based on the ECU, and was to be on a much larger scale than the present Community credit. And a European Monetary Fund was to become responsible for settlements between Community central banks, for the mechanism for substituting ECU's for existing reserve assets, and for credit arrangements.

The presidency statement on the outcome of the European Council also recognised the importance of economic convergence as a necessary basis for greater monetary stability. It asked for studies of the measures needed to strengthen the economies of the less prosperous member countries, to be carried out at the same time as the preparatory work on the exchange rate and credit aspects of the system. Heads of Government concluded that "such measures will be essential if a zone of monetary stability is to be achieved." They said that "decisions can be taken and committed" at the European Council meeting on December 4 and 5.

UK approach

The Government made it clear from the outset that it would participate fully and constructively in the work necessary to achieve a European Monetary System which could embrace and retain all members of the Community and which would in fact contribute to the objective of greater monetary stability. It stated repeatedly, before and after the Bremen meeting, that a new system would not be durable and effective unless it were soundly based in appropriate economic policies. No currency intervention, however large the resources used for it, and no country, however powerful, can in the long run hold an exchange rate if the fundamentals are wrong.

The Government therefore insisted that the system should embody certain characteristics:

- 1-It should be durable and effective. If it proved not to be durable the stability of European currencies would be damaged with consequent damage to the political and economic development of the Community as well.
- 2-It should be truly European and should be capable of containing all members of the Community, allowing for the divergences in their economic situation and for the time that is bound to be needed to achieve major progress towards convergence.
- 3-It should provide a basis for improved economic growth and higher employment in the Community, rather than impose further constraints on growth and employment.
- 4-For this reason, the system should impose obligations on its stronger members symmetrical with those falling on its weaker members.
- 5-The system should be supported by adequate funds for intervention on the currency markets.
- 6-There should be provision for realignments of exchange rates within the system when underlying economic circumstances made this advisable.
- 7-The system should reinforce efforts to improve currency stability worldwide and should not be detrimental to other currencies, including the dollar, or to the standing and effectiveness of the IMF.
- 8-The system should be accompanied by clear progress in making the operation of Community policies as a whole assist in promoting convergence of economic performance of member States. In particular there should be net transfers of resources on the right scale to the less prosperous countries.

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The snake

The Chancellor of the Exchequer's memorandum to Parliament outlines the history of the existing "snake" arrangement. The snake, while continuing to function for Germany and the Benelux countries, and for the weaker currency then

Stability

It has been open to any member of the Community to join the snake at any time. However, it is not clear that the snake is more likely at this moment to form an effective basis for general European exchange rate stability than in the past. The Government has no wish whatever to interfere with the right of any country now in the snake to retain arrangements which suit them. It is entirely willing to see a broader EMS developed which would fully accommodate and protect this right. But in the light of experience and of the world economic and exchange rate situations as they now stand, it has felt that it would be a mistake to base the new EMS on extending the snake, or something very like it, to the larger countries which have already found it incompatible with their needs.

Inflation differentials between Community countries are much greater than when the snake was set up in 1973. There are still important differences in balance of payments performance—for example Germany continues to have a substantial surplus. Community currencies are differentially affected by sharp changes in the strength of important currencies outside the Community, especially the dollar, the Swiss franc and the yen. The EMS would have to be strong enough and flexible enough to survive both the internal and external strains which this situation would impose. Accordingly, the Government has urged throughout that the EMS as a whole, and its exchange rate regime in particular, should be substantially different in character from the snake.

The characteristics of the EMS outlined at Bremen, and described in paragraph 8, encouraged the Government to believe that this was something which could be achieved in the negotiations.

The Government believes that its approach is not only in the best interests of the future of the European Community, but also reflects what should be the true spirit of Community action. As stated in paragraph 10, the first requirement should be to shape the EMS so that it can accommodate all members of the Community, even if that means some loss of uniformity and some difference in the provisions for various members. The discipline of the system would then become effective because it would be durable. Symmetry in the obligations placed on the stronger and weaker members is equally in line with the Community spirit.

If the margins established for exchange rates are placed under strain by the exceptional strength of currencies which is fortified by a large surplus on the balance of payments, that should not automatically impose obligations on weaker members. The converse is also true: but in that case a loss of reserves and other pressures will in any case oblige the deficit country to take corrective action.

This approach has informed the Government's attitude to the technical questions described below. Indeed the discussions which have taken place on these technical questions have thrown a light on the extent to which potential members of the EMS accept the practical implications of the fundamental truth that the durability of any exchange rate regime depends on concerted action to achieve greater compatibility in economic performance. They have also revealed the manner and spirit in which members are likely to operate the system as a whole and the exchange rate regime within it.

The snake works on the basis of a "parity grid" of agreed exchange rates between the members of the system, as explained at paragraph 14 of the Chancellor of the Exchequer's memorandum of November 1. In such a system, two currencies always reach their intervention margin at the same time when the gap between them rises to 2½ per cent, so that it cannot be clearly established which divergence is causing the strain. However, whichever of the two currencies is divergent, the parity grid system obliges both currencies to intervene simultaneously.

The government responsible for the weaker currency then suffers immediate damage either through losing reserves or through having to adopt deflationary policies, or both. It is not clear that the snake is more likely at this moment to form an effective basis for general European exchange rate stability than in the past. The Government has no wish whatever to interfere with the right of any country now in the snake to retain arrangements which suit them. It is entirely willing to see a broader EMS developed which would fully accommodate and protect this right. But in the light of experience and of the world economic and exchange rate situations as they now stand, it has felt that it would be a mistake to base the new EMS on extending the snake, or something very like it, to the larger countries which have already found it incompatible with their needs.

Because of the fundamental lack of symmetry in the obligations imposed by the parity grid, the snake has a tendency to encourage deflationary policies overall.



MR. DENIS HEALEY
Principally involved in the EMS negotiations

There is still a spectrum of current studies of the action needed to be taken to strengthen the economies of the less prosperous member countries in the context of the EMS.

The Government has been among those arguing that credit to a total of 25 billion European Units of Accounts (EUA) should be effectively available to debtor members at the outset. (See paragraph 17 of the Chancellor of the Exchequer's memorandum.) It believes that this arrangement would be in accordance with the conclusions of the European Council meeting at Bremen, and would be a desirable underpinning of the exchange rate arrangements.

This is now generally agreed, though there remain differences of view about how to split the total between short- and medium-term credit. There are also outstanding questions on the duration of short-term credit (one or nine months) and the very short-term credit given between central bankers in day to day intervention (30 days or 60 days after the end of the month in which the debt is incurred).

The Government has put forward two main proposals designed to overcome this disadvantage in the snake system:

- 1-The Government suggested that instead of operating on the basis of a "parity grid" the exchange rate obligations should be related to movements away from the weighted average of Community currency values. Each participating currency would be permitted to fluctuate within the agreed margin on either side of its reference rate against the "basket" of currencies comprising the European Currency Unit which in any case will act as the "numeraire" of the system. When a particular currency reached either of its margins, there would not necessarily be another currency at its own margin at the opposite end.
- 2-The Government suggested that the "basket" of currencies should be related to movements away from the weighted average of Community currency values. Each participating currency would be permitted to fluctuate within the agreed margin on either side of its reference rate against the "basket" of currencies comprising the European Currency Unit which in any case will act as the "numeraire" of the system. When a particular currency reached either of its margins, there would not necessarily be another currency at its own margin at the opposite end.

The currency at the limit (whether strong or weak) would thus clearly be identified as the divergent currency. Only the divergent currency would be obliged to intervene so as to bring it back within the margin. Other members of the snake have not been prepared to accept that the "basket" arrangement should be the sole basis of the exchange rate regime. There has, however, been general support for the compromise arrangement described at paragraph 14 of the Chancellor of the Exchequer's memorandum. Under this arrangement, there would be a "parity grid" but within this each currency would have an agreed narrower margin of fluctuation about a reference rate determined in relation to the ECU. Within a currency's limit against the ECU, this would be taken as an indication that it was a divergent currency.

Similarly, the UK has seen the EMS as a step towards world monetary stability. It has generally accepted that the EMS must act consistently with the IMF, and is not intended to change the rights and obligations of member countries in the IMF. But the UK would like to see a positive approach to the relationship of the EMS to other main currencies, including the dollar and to the international monetary system as a whole. There has so far been little discussion of this problem.

Greater convergence in the economic performance of the participants is an essential element in a durable EMS. Convergence cannot be imposed by a particular exchange rate mechanism. It must develop from adequate co-ordination of economic policies. The concerted action programme, now being put into effect, is an example. The Government therefore regards as of critical importance the decision of heads of government at the European Council at Bremen to commission con-

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Measures

The heads of government stated "such measures will be essential if the zone of monetary stability is to succeed." They gave the Community's Economic Policy Committee the task of producing a report. The results of this work were to form the basis for "decisions and commitments" at the European Council in December.

Our partners agree unanimously that one necessary condition for the system to be effective and durable is that inflation rates should converge at as low a level as possible, without this having a deflationary effect. They see the convergence of inflation rates at a moderate level as an integral part of a wider strategy aimed at achieving sustained growth, gradually leading to full employment, a convergence of living standards, and the reduction of regional disparities. They agree that to ensure the success of this wider strategy and to allow Community countries to attain a convergence of economic policies and that the Community's decision-making mechanisms should be strengthened to this end.

The Government welcomes this emphasis on the importance of achieving more convergent performance since there has been some concentration on exchange rate mechanisms during the discussions on the EMS.

Our partners have also recognised that participation in the EMS could pose major problems for the less prosperous countries, however determined the efforts of those countries to fight inflation might be. They might also face long-term problems in relation to continued participation in the exchange rate regime with pursuit of their goals on growth and employment. So they need Community help to solve these problems. The EMS must be seen to be compatible with the Community's long-term objective to narrow the gap between the more and less prosperous countries.

The Community Budget is an essential instrument to achieve this. Community policy taken as a whole, including resource transfers through the Budget, must contribute to economic convergence. It certainly should not hinder it. The Government is concerned about the present budgetary position of the UK in the Community, and about the way in which its burden will increase as the transitional arrangements come to an end next year unless corrective action is taken.

We are seventh out of nine in terms of GDP per capita. In 1980 we could become the largest net contributor to the Community Budget. This would have a damaging effect on the Community as a whole as well as on Britain. The British Government, with the support of the Irish and Italian Governments, has argued that the European Council should make a firm commitment over a limited but fixed period of years, to bring the pattern and scale of net resource transfers attributable to Community instruments into conformity with the Community's objective of bringing about convergence in the economic performance of member states. This would constitute a broad guideline for subsequent decisions by the Council of Ministers.

Although the Community Budget must play its part, national policy measures will remain the main instruments for bringing about convergence in the economic performance of member states. These measures have, however, to be compatible between the partner countries and consistent with a wider strategy for improved economic performance.

It is important to make clear first that in the Government's view the choice to be made in the coming years is not between a European Monetary System on the basis laid down in Bremen, but to the narrower issue of a particular exchange rate mechanism which is not yet fully decided. Some may regard the EMS as little more than an exchange rate mechanism supported by central bank swap arrangements. The Government sees it as much more than that. They believe it was conceived as more than that at Bremen and that it is to contribute to greater stability in the international monetary system.

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economic growth and the reduction of unemployment.

In an open economy, heavily dependent on world trade and with 30 per cent of our GDP going in exports, we are particularly vulnerable to economic developments overseas, whatever our exchange rate policy may be. The past five years have shown how much economic activity abroad determines our own activity and income. The exchange rate cannot be freely manipulated to insulate us from developments abroad: it has in fact become increasingly important to maintain a reasonable stability of the sterling exchange rate in order to promote stable trading conditions and diminish business risk. To accept a formal commitment to exchange rate stability would not therefore represent a major break with existing policy.

The claim that joining the EMS would involve a loss of economic independence is only partly true. In any case the discussions with our partners have shown that they would not wish or expect any country to suffer economic damage through joining the scheme. We found a particular exchange rate to be exchange rate stability, lower costs, greater efficiency has been established, the effects of any initial loss of price competitiveness may be removed.

Each depends on the speed with which the beneficial effects move through the system. Similarly, the duration of any benefit to competitiveness through depreciation will depend on the speed with which the resultant cost increases and their way into prices in industrialised countries exposed to international competition.

On one view, a substantial part of the benefits to price competitiveness of a lower exchange rate will persist for several years. On another view, the period of substantial price advantage will be only a year or so. The higher the exchange rate, the relatively high inflationary cost. What seems quite clear is that the benefits to competitiveness from a lower exchange rate come quickly and then decline progressively, while the benefits to country-industrial policy are more long-term. Some fairly slowly but they build up over a period.

The initial effect of a higher exchange rate is to increase receipts from exports in foreign currency and to reduce foreign currency expenditure on imports. If, however, the effect is to reduce exports and increase imports, this limited improvement in the terms of trade, after an initial benefit, is more than offset, so that the balance of payments deteriorates through loss of competitiveness.

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of knowing what difference, if any, there would be and in which direction. That would depend on a great many factors.

The Government has every intention of pursuing the same firm counter-inflationary policies whichever way the decision on the exchange rate regime goes. Circumstances could arise in which the exchange rate would be lower within the scheme, or the purposes of argument that the average exchange rate would be a little higher inside the EMS regime, we then have to consider first, the impact on costs as well as on prices. And second, the sensitivity of UK exports and imports to price change.

A higher average exchange rate may make British goods and services cheaper to foreigners, but it will also reduce the competitiveness of British business. It should lead too to lower rates of wage increase without any loss to living standards. The pressure to keep down costs implicit in the high exchange rate may stimulate cost-saving and therefore efficiency. By rail, these losses of price competitiveness may be offset and, over a period, possibly eliminated. On the other hand, a virtuous circle of efficiency, greater efficiency has been established, the effects of any initial loss of price competitiveness may be removed.

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Financial Times Saturday, November 25 1978

THE WEEK IN THE MARKETS

Minimum of business

With bargains marked hovering either side of 4,000 per day throughout 1978, but margins in the equity market have been slowly rising, the week has been a slow-motion slide into a new year. A sprinkling of major raw material cost increases, a company news was all that was recent wage settlement, has left to stimulate interest. But at the end of the day there was no clear trend in either fixed interest securities or equities, have clipped a further £10m and the F.T. 30-share index from group figures. In addition ended the week 7.1 points higher at 479.9.

ICI disappoints

Imperial Chemical Industries' third quarter figures were announced to a skittish market on Thursday, and they were judged mildly disappointing. With the shares closing a few pence lower at 358p.

However, the share price started to recover towards the close of trading on Thursday and by lunchtime on Friday was back to 365p, the pre-results level.

Stripping out £22m in exchange losses, the trading result of £105m was not too far below market expectations and reflected general industry improvement from the poor third and fourth quarters of 1977. Group sales totalled £1,125m in the period compared with £1,156m in the second quarter and £1,136m in the third quarter last year. At the end of nine months, pre-tax profits (including exchange adjustments) amounted to £334m (£314m).

The third quarter is traditionally ICI's weakest; the decline in volume was 4 per cent in the latest period compared with a 7 per cent fall a year ago. Prices

comparison is with a period which was already benefiting well from the launch of Operation Checkout. The figures are put into perspective by looking at Sainsbury's interim figures, which reveal sales volumes up around 18 per cent in the six months to mid-September. Here however, the comparison is with a period prior to the launch of Sainsbury's own Discount 78.

Tesco is now implementing its strategy to change the sales mix in favour of high margin goods, and is selling an increasing amount of meat, and fresh fruit and vegetables. Now that net margins have bottomed out Tesco hopes to see a significant upturn in the second half and through next year. Full-year profits could be between £38m to £40m pre-tax, and this might allow Tesco to take advantage of the dividend cover provision, and give its shareholders a dividend increase of more than 10 per cent.

LONDON ONLOOKER

prospects. However, the 1978 pre-tax result is estimated at £480m against £483m earned last year and £540m in 1978.

After the price war

The jockeying for position continues in the High Street as the price war rumbles on. But it is already clear that Tesco and Sainsbury are doing well. Further evidence of Tesco's gains came on Wednesday when the group announced interim pre-tax profits £3.5m higher at £13.8m. Volume is also running at about 10 per cent higher on ex-

isting space, and cash takings are up at least 30 per cent in the third quarter. This is a good performance given that the

Courtaulds recovering

After three years of uninspiring figures, Courtaulds may at last be turning the corner. Although first half profits are virtually unchanged at £27.4m, the underlying trend is clearly upwards.

Profits suffered badly from strikes and stock losses in the second half of last year while the latest figures have been hit by the relative strength of sterling, especially against the U.S. dollar. The upturn in consumer spending is now beginning to stimulate both the UK and Continental textile markets, and the

company has plenty of new capacity to be filled; in addition, the policy of closing down loss-makers is continuing.

Courtaulds is anticipating its usual bias towards the second half of the year. However, much will depend on factors such as sterling, the rate of the proposals to reduce EEC fibre capacity and the workings of the Multi-Fibre Arrangement.

At this stage around £42m looks possible in the second half for a full-year total of £70m pre-tax (£52.7m). The longer term picture remains uncertain but in the meantime there is always the prospective 11 per cent yield to give support.

Metal Box rights

Following Beecham's bumper cash call the previous week, Metal Box coupled Tuesday's interim announcement with a £35.9m rights issue to help finance international expansion.

Theory bears' picnic

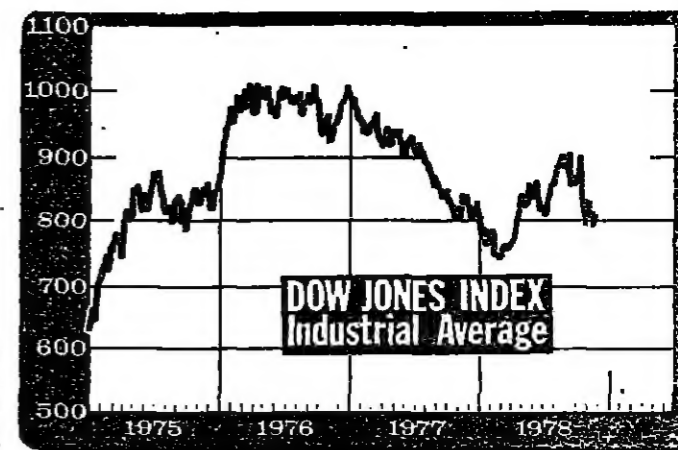
SHRUGGING OFF the stock market volatility which is often evident during the week of the Thanksgiving holiday in the U.S., the optimistic school of market analysis have wheeled out an old friend, Cash On The Sidelines as a good reason for taking an upbeat view of the near term outlook. The picture is one of mutual funds, pension funds and investment trusts piling up vast amounts of cash behind a dam of inhibition which for one reason or another may start to crumble to the advantage of the stock market.

NEW YORK

JOHN WYLES

moments, the optimist, like to dream of a great wave of cash rolling down Wall Street and carrying the Dow Jones Industrial Average into a great new bull market. For the moment, of course, the optimists would settle for a steady trickle rather than a great wave. They argue that the hole in the dam could be sprung by a sense that interest rates may be close to their peak and that a slowing economy will bode well for curbing inflation and maintaining the fragile renaissance of the dollar.

This morning Citibank led the march towards an 11 per cent prime rate which is its most admitted, progress towards an eventual peak in interest rates. But where is the peak, and how long it will take to plant the clearest upward, lower rates is still anybody's guess. More



probably, investors will be even more cautious about succumbing to the infectious belief that interest rates are topping out than they did the last time this particular virus swept Wall Street.

The timing then, it will be recalled, was the end of July and the slight fever helped take the Dow to a high of 807.45 from its February slump of 742. But during this heady July to September quarter when stockbrokers travelled to work with a song on their lips, we now learn that mutual fund managers were keeping their heads (for that is how they keep their jobs) when around them many were at times losing theirs.

Two surveys of mutual funds transactions have established that during these three months the funds were selling more stocks than they were buying so that their aggregate holdings were \$45.7m lower at the end of the quarter than they were at the beginning. This obviously was a very much lower net selling figure than the comparable \$480m in the second quarter and \$900m in the first and clearly suggests that mutual fund managers felt unable to sit on their hands during a modest rally.

But their commitment to the market remained cautious because they did not believe that interest rates were near their ceiling and neither did they believe that the Carter Administration had assembled credible policies for dealing with domestic inflation and a vulnerable dollar. To the extent that the U.S. Government has made progress on both fronts, the institutional investor may be a

	Close	Change
Monday	605.61	+7.93
Tuesday	604.05	-1.56
Wednesday	607.00	-2.95
Thursday closed for Thanksgiving		
Friday	610.12	-3.12

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978 High	1978 Low
Ind. Ord. Index	479.9	+7.1	535.5	433.4
Eschequer 10% 1983	480	+1	495.6	480
Cedar Holdings	24	+5	24	5
Clarke (Matthew)	150	+10	168	114
Courtaulds	121	+9	131	109
Cullen's Stores	146	+9	153	73
Elliot Gp. of Pborough	18	+3	23	15
House of Fraser	136	-10	177	120
Metal Box	328	+26	384	288
Milbury	62	+8	62	20
Myddleton Hotels	295	+80	295	180
Parker Timber	132	+15	132	97
Sabah Timber	65	+20	69	31
Sci. and Univ. Inv.	127	+7	137	85
Sirdar	114	+8	116	58
Stewart Plastics	182	+11	185	105
Uet. Engineering	74	9	77	26
Wade Pottery	34	-7	35	22
Western Motor	90	-16	130	68
Westfield Minerals	320	+64	335	80

U.K. INDICES

	Average week to	Nov. 24	Nov. 17	Nov. 10
Govt. Sec.	48.17	48.21	48.31	48.31
Fixed Interest	49.44	49.48	49.49	49.49
Indust. Ord.	475.5	476.3	477.3	477.3
Gold Mines	132.8	132.3	134.6	134.6
Do (E: S Pm)	96.8	96.3	100.5	100.5
Dealings mkt.	4,218	4,204	4,194	4,194

FT ACTUARIES

	Capital Gds.	228.19	228.90	227.14
Consumer (Durable)	201.36	200.47	199.02	199.02
Cons. (Non-Durable)	205.9	205.71	201.21	201.21
Ind. Group	214.54	214.67	212.35	212.35
500-Share	229.50	229.37	225.74	225.74
Financial Gs.	162.61	161.39	159.43	159.43
A/S-Share	216.70	216.36	215.51	215.51
Red. Debs.	55.17	55.10	55.74	55.74

Living quarter by quarter

GOOD CHEER from the chairman of base metals producers to their shareholders has been in short supply for the last couple of years. Even now the companies seem to be living on a quarter by quarter basis, looking for a cent change here or there on market prices to prop up earnings per share.

Since the middle of the year the search has been at least partially rewarded, as Sir James Foots, the chairman of MIM Holdings, a major Australian producer, made clear this week. "But one must be cautious about assuming that this marks

development of a substitute for lead acid batteries and the reduction in the use of lead in petrol.

Both Sir James and Mr. Anderson, however, observed that little new production is coming on stream. This factor, spread over other metals as well, puts existing base metals producers in a position of some strength and, at the same time, gives shareholders who are prepared to hang on a word of encouragement.

"In the case of all metals, existing producers have an advantage over potential new producers since the cost of bringing in new mines is now extremely high when set against current metal prices," Sir James said.

Existing producers have in any case considerable unused capacity. Cominco's 1978 operating rate is between 75 per cent and 80 per cent, and it is clearly cheaper to build up to maximum production and expand an existing operation rather than invest in completely new ventures.

But base metals producers are not the only companies with unused capacity. Rustenburg Platinum, the world's largest producer, reduced capacity at its South African mines by 20 per cent at the end of 1977. Part of this has been re-instated and now demand has built up to the extent that the company can go ahead with an £14m (£8.38m) scheme of further development.

The annual report, published this week, explained how contracts had been signed with the U.S. motor industry in 1972. These contracts required Rustenburg to make available certain amounts of platinum each year. So far the maximum entitlements have not been used.

"But during 1978 these demands are expected to approach and indeed may reach the full entitlement," the Rustenburg directors said. There are no plans to expand production for general industrial and jewellery purposes.

Interest in precious metals like gold has, of course, increased as a reaction to the lot of us in the lead industry are watching the long-term prospects with some concern. The recent stronger demand and price strength, Mr. Anderson noted, Sir James, on the other hand, was "reasonably optimistic," despite the

Net profits in the six months to September were £103.3m (£81.57m) and an interim dividend of 14 cents (8.28p) has been declared. Anglo has been changing its financial year-end to March, so the figures are not strictly comparable with the April-September period of 1977.

But there are certainly indications that the group is on course for a successful financial year. Markets have been strong in the products where Anglo's investment portfolio is concentrated. Over 60 per cent of its income comes from gold, uranium and diamonds.

If the net income is average out, then in the most recent half year Anglo was earning at the rate of £17.2m a month. This compares with a monthly average of £16.11m in the 15 months to March, 1978, the group's last full financial period.

But within that 15 months, there were two March quarters and it is in the March quarter that the group's flow of investment revenue is strongest. On this basis Anglo's income in the second half of the current year will be higher than the figures it reported this week.

But much depends on the markets. There has been no indication of a downturn in diamonds, but there must be some doubt about revenue from the gold mines in view of the sharp movements in the bullion price since the end of October as the dollar has recovered. And it is by no means certain how the market will react to increased U.S. gold sales.

This week the bullion price has been stabilising around \$200 an ounce, closing yesterday at \$201.625. It is not clear whether the price has now found a trading floor after its sharp fall from \$245.125 at the end of October.

If it has found a floor then this would no doubt suit Anglo very well, because it would maintain prices towards the higher end of the range that obtained between April and September.

Figures include low-grade material. † Not yet available. Outputs are shown in metric tonnes of the concentrates.

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	Oct. 1978	Sept. 1978	Total to date (months)	Same period previous year
Amal. of Nigeria (tin)	9	162	856 (6)	1,003
Amal. of Nigeria (columbite)	4	22	176 (6)	104
Aokan	128	129	436 (4)	396
Ayer Hitam	209	126	674 (4)	535
Berjubah	217	374	2,245 (6)	2,492
Bislich Jantar (tin)	4	9	212 (3)	260
Bislich Jantar (columbite)	4	9	169 (3)	243
CRM Sri Trilak	811	83	1,169 (3)	1,852
Ex-Land Nigeria	5	9	211 (3)	208
Georgetown	86	89	615 (7)	610
Gold and Base (tin)	5	26	222 (9)	238
Gold and Base (columbite)	5	10	3 (9)	5
Gopang	185	162	1,681 (1)	127
Idria	15	183	177 (10)	2,291
Kanuntong	38	31	236 (7)	283
Kent (FMS)	9	9	102 (11)	424
Killingham	251	167	333 (1)	333
Kinta Kelas	22	29	241 (2)	216
Kuala Kampar	22	25	152 (7)	223
Lower Perak	26	28	162 (6)	162
Malayan	286	241	1,907 (4)	876
Pahang	138	137	281 (8)	472
Pengkalen	81	71	81 (1)	101
Petaling	131	121	1,464 (12)	1,387
Rahman	50	73	294 (4)	246
St. Piran—Par East	25	24	182 (3)	118
St. Piran—UK (South Croft)	290	236	1,253 (7)	1,340
St. Piran—Thailand	88	124	721 (7)	623
Southern Kinta	148	150	978 (7)	980
Southern Malayan	210	196	1,278 (4)	721
Sungai Besi	221	174	1,247 (2)	1,101
Tanjong	12	61	137 (5)	196
Tongkah Harbour	38	42	167 (4)	167
Tromoh	210	181	2,022 (10)	1,322

the beginning of a long term upward cycle. There are heavy stocks in particular of copper and zinc overhanging the market," he added.

This uncertainty about where the companies are placed in the economic cycle probably owes a great deal to concern about the development of U.S. economic policy. Mr. M. N. Anderson, the president of Cominco, the Canadian lead and zinc group, had a thought about that.

While there is a chance of a recession in the U.S., "I don't accept the inevitability of a recession just yet," he said. A recession could be avoided if consumers maintain their normal purchasing habits.

Nevertheless, the uncertainty has tended to make longer range forecasting of company prospects a more congenial exercise than predictions of earnings for, say, two quarters ahead. Thus Mr. Anderson predicts long term growth in zinc consumption of between 2.5 and 3.0 per cent a year, a conclusion with which Sir James would agree. "A slow growth for zinc usage is expected," he said.

But the two men part company when it comes to lead. "A lot of us in the lead industry are watching the long-term prospects with some concern. The recent stronger demand and price strength, Mr. Anderson noted, Sir James, on the other hand, was "reasonably optimistic," despite the

the beginning of a long term upward cycle. There are heavy stocks in particular of copper and zinc overhanging the market," he added.

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Income is distributed half-yearly on 1st June and 1st December after tax at the basic rate. The first payment for new investors will be in June.

Any branch of Barclays Bank can give further information and advice.

Prices and yield appear daily in the Financial Times and other national newspapers. The offer prices include the initial management charge of 5% and there is a half-yearly charge of 1% plus VAT. Commission at 1% is paid to authorised agents, but not in respect of Barclaycard purchases. You can sell back units on any business day at the bid price ruling when your instructions arrive. Payment will normally be made within seven days of receipt of the renounced certificates.

Managers: Barclays Unicorn Limited, Member of the Unit Trust Association, Trustees: Royal Exchange Assurance.

BARCLAYS UNICORN EXTRA INCOME TRUST

To: Barclays Unicorn Limited, 252 Rensford Road, London E7 9JB.

Surname (Mr, Mrs, or Miss) _____ Forenames in full _____

(BLOCK CAPITALS PLEASE)

Address _____

Lump Sum Investment ☐ I wish to invest (Minimum £250) £ _____ in units of Unicorn Extra Income Trust and enclose a cheque for this amount.

If you wish to purchase these units through your Barclaycard account please fill in your Barclaycard number here _____

If you want your net income automatically re-invested please tick here ☐

I understand that units will be bought for me/us at the offer price ruling on the day of receipt of this application. A contract note showing the number of units purchased will be sent to you. Certificates will be posted within six weeks. I declare that I am/we are not resident outside the Scheduled Territories nor acquiring the units as the nominee(s) of any person(s) resident outside those Territories. If you are unable to make this declaration, it should be deleted and the form lodged through your bank, stockbroker or any other authorised depositary. In the case of joint applications all must sign. This offer is not available to residents of the Republic of Ireland.

Signed _____ Date _____ Agent's VAT No. _____

Regular saving with Life Assurance and Tax Relief. If you want details of the Barclays Life Assured Savings Plan, saving from £10.30 per month, please tick here ☐

BARCLAYS UNICORN GROUP

SEARCHING FOR A RICH REWARD?

LONDON GOLDHAWK CENTENARY BONUS

You'll always find a rich reward at London Goldhawk Building Society. And next year, even more so, because 1979 sees the hundredth anniversary. To mark the occasion we have decided to pay a Centenary Bonus on all of the shares listed below which will be by way of an extra 0.25% interest throughout 1979.

New Interest Rates From 1st Dec 1978, current rates of interest will be increased by 1.00% in the effect of this and the new Centenary Bonus are shown below.

SHARE	OLD RATE	NEW RATE
Ordinary Shares	8.25%	8.50% = 12.69%
Preference Shares	8.75%	9.00% = 13.43%
Preference Shares	9.00%	9.25% = 13.81%
Preference Shares	9.25%	9.50% = 14.18%
Preference Shares	9.50%	9.75% = 14.55%
Preference Shares	8.75%	9.00% = 13.43%

* For full details of the bonus scheme, see page 10.

NEW ISSUE We are also pleased to announce the introduction of our shares at three months' notice of the dividend.

For more information, please contact our Share Department on 01-995 8331.

Join a higher category by sending this coupon for further details.

Name _____

Address _____

LONDON GOLDHAWK BUILDING SOCIETY

100, High Street, London EC3A 8BP. Tel: 01-995 8331.

Aim for a high and increasing income from your savings.

9-18% Guaranteed High Income Trust is primarily invested in UK equities, and aims to provide a high and increasing income without sacrificing potential for long-term capital growth.

Since the Trust was launched in April 1973, the price of units has increased by 115% compared with a rise of 74.7% in the Financial Times Industrial Share Index. In addition, original unit-holders have to date received a gross income of £4,405 for every £1,000 invested.

Remember that the price of units and the income from them can go down as well as up.

You should regard your investment in High Income units as a long-term one.

You can invest any amount over £200. Simply fill in the coupon and send it to Gartmore Fund Managers with your cheque, or consult your professional adviser.

GARTMORE

Fill in the coupon and send it now. To Gartmore Fund Managers Ltd, 25 St. Mary Axe, London EC3A 8BP. Ref: No. 11/78 (Dept. address on back). I enclose cheque for the value of (£100) at the other price/rate on the day you receive this application.

I enclose a remittance, payable to Gartmore Fund Managers Ltd.

* For our estimate of the price of Gartmore High Income Units on 24th November 1978, see page 10.

Signature _____

Printed name and address _____

GARTMORE

Fill in the coupon and send it now. To Gartmore Fund Managers Ltd, 25 St. Mary Axe, London EC3A 8BP. Ref: No. 11/78 (Dept. address on back). I enclose cheque for the value of (£100) at the other price/rate on the day you receive this application.

I enclose a remittance, payable to Gartmore Fund Managers Ltd.

* For our estimate of the price of Gartmore High Income Units on 24th November 1978, see page 10.

Signature _____

Printed name and address _____

Towry Law's 78/79 concise Guide to CTT

To obtain your copy send cheque for £1.00 to:-

Towry Law & Co Ltd

Towry Law House, High Street, Windsor, Berkshire SL4 1LX

FINANCE AND THE FAMILY

A record of payment

BY OUR LEGAL STAFF

I want to compile a record of payments made in cash to a doctor, but have been unable to obtain receipts from him. Can I insist?

Since the abolition of stamp duty on receipts it seems that there is no machinery by which a receipt can be required after payment has been effected. The only way to ensure that a record of payment is available is to pay by cheque or to refuse to pay until a receipt is made out.

Restrictive covenant

I live in a cul-de-sac of 11 bungalows. There is a covenant in the deeds of the property that states no business is to be carried on in the property. Some new neighbours have moved in recently who receive a weekly delivery of goods by lorry, and during the course of a week about 25 cars arrive and collect cases of goods. Does such a restrictive covenant have any force in law today?

There may well be a breach of the restrictive covenant. However its enforcement depends on the precise nature of the formulation of the covenant in the conveyance which imposed it and on some very technical rules which have evolved in the courts as to who may enforce restrictive covenants. You should consult a solicitor.

A minority shareholding

My wife and I are minority shareholders in a private company, whose directors pay themselves on such a scale that there is not enough money left to pay the cumulative preference dividend. (a) Is this permissible? (b) How can I see what the articles of association provide? (c) How can I find out our rights if the company goes into

liquidation? (d) What can our executors do about our shares after our deaths? (e) Can the directors get our shares by offering us a derisory sum?

(a) Provided the salary is not so enormous as to be manifestly a sham transaction, the present owners can defeat your opportunity to have a dividend declared in the manner which you indicate.

(b) You are entitled, as a shareholder, to see the memorandum and articles of the company. You should write to the company's secretary at its registered address and request a copy, offering to pay the proper charges for it.

(c) Your rights will be governed by the general law relating to the winding up of companies and by the Articles of Association.

(d) As the company is a private company, the right to transfer shares will be restricted. It is therefore likely that any bequest or sale of the shares will be subject to the directors' right, e.g., to refuse to register transfers.

(e) In effect the value of a minority shareholding such as yours and your wife's may be virtually nothing, and any offer now made should not lightly be rejected.

A second mortgage

I wish to help my daughter to pay the deposit on a flat to be mortgaged to a building society, and should like your advice as to how to ensure that, in the event, say, of a breakdown of her marriage, I could claim the money back in priority to any claim on the property by her husband. Is a second mortgage necessary to secure this? If so, would it have to be reported to the building society and be likely to affect their willingness to enter into a first mortgage? An informal record of loan (in writing) may be used, but it is

preferable to have a second mortgage, as you suggest. In either event it is desirable that clear written records are kept of all the transactions. A building society should be notified of a second mortgage, but it is unlikely to refuse or to modify the terms of a loan on that account.

An executors' account

With reference to the inquiry under an executor's account (October 21) is not the point of the inquiry that he wants to insist on money being paid to him before he obtains probate, which, you will agree, he cannot do?

We certainly agree that an executor who has not obtained probate cannot insist on being paid money due to the estate.

A disability insurance

I have a disability insurance policy one of the conditions of which is as follows:

"If when a claim arises the Disability Benefit applying under this policy at the commencement of disability together with the benefits payable under any other insurances against disability by sickness or accident and National Insurance Sickness and Invalidity Benefit or its counterpart in the Republic of Ireland (but excluding any amounts payable in respect of children) exceeds (a) 75 per cent of average weekly earned income where the said income does not exceed £100 per week or (b) £25 plus 50 per cent of average weekly earned income where the said income exceeds £100 per week, the first year's claims payments will be reduced by the amount of the excess and the payments thereafter will be reduced proportionately so long as the claim persists." Could you please put this into simpler language for me?

Payments are not to be made in full if the combined amounts of the Disability Benefit under the policy and all other insurances including National Insurance and Invalidity Benefits amount to more than:

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

(a) 75 per cent of the insured's average weekly earned income, where that income is £100 per week or less; or

(b) 50 per cent of the insured's average weekly earned income plus £25 where that income is more than £100.

Thus the limit of benefits is £75 per week if the average earned income is £100 per week; £80 where the average earned income is £80 per week; and £100 where the average earned income is £150 per week.

Possession of a flat

My daughter aged 19 is a student at London University. She owns a flat near the college where she will live during the coming academic year.

Next year she will spend abroad as part of her course. Is she able under the Rent Act to let her flat with the certainty of recovering possession when she needs it at the start of the academic year 1980?

Yes, she can let as an owner-occupier, specifying in the tenancy agreement or lease that she will wish to recover possession for her own occupation pursuant to Case II of the 15th Schedule to the Rent Act 1977.

Withdrawal of services

When the leaseholder of furnished dwellings, in one of which I live, applied to have the rent registered two years ago, he listed a telephone coin box as one of the services provided on his form of application. After the lease recently reverted to the freeholder, the latter's agents had the facility for receiving incoming calls removed. Is this not illegal?

The freeholder's action is not illegal, nor is it a breach of contract if the tenancies do not contain a landlord's covenant to supply use of a coin box. However, tenants whose rents are registered could apply to have the registered rent reduced by reason of withdrawal of part of the services taken into account in fixing the rent.

Home truths

LAST WEEK I reported the considerable and much more expensive.

So, unfortunately, the BIA leaflet and any that immediately derive from it, are not for flat dwellers, owners of multi-storey town houses, houses built of Cotswold stone, houses with thatched roofs and so on. For all of these the expert advice of a local professional surveyor or architect, is necessary unless you are prepared to use the BIA table as a rough guide and take the chance that the figure that you calculate is roughly in the right area.

The BIA leaflet makes it clear that the pound per square foot calculation is for the main building, and that if you have a separate garage, if you have a garden shed and greenhouse, you must add something for them. The leaflet instances typical garage rebuilding costs at prices operative last July, and a single brick built detached garage is reckoned to cost £2,800, a double £3,400. By comparison the relative figures for pre-fabricated garages are given as £900 and £1,500.

The BIA leaflet categorises homes into large, medium and small, but takes no account of quality, partly because this would have necessitated a considerably larger table of cost factors, partly because quality for so many people can be a matter for subjective judgment rather than objective assessment. But the underlying report provided by BCIS and three quality divisions, basic, good, and excellent. That report commented however that there is no upper limit to the amount of money that people can spend on their houses.

In producing its leaflet BIA has taken the "BCIS" "good" as its yardstick, so anyone who considers that he has a home of excellent quality needs to add something, perhaps between 20 per cent and 25 per cent, on to the BIA's figures.

The BCIS report comments that the elements which show the most variation from the quality aspect are such items as kitchen and sanitary fittings, built-in cupboards and so on, while finishing elements are almost as variable. In the BCIS view another aspect dividing good from excellent can be roof design, for more expensive roof tiles require a steeper pitch of roof. On the other hand in the modern post-war home central heating, at one time counted as a home improvement, is taken as part of the basic equipment.

Beyond these, there are far too many variations to be contained within the eight panels of the simple guidance leaflet, and a handbook would be required. Moreover the task of the BCIS in monitoring price movements and passing on the results of its work at regular intervals would be much more

Up! Up! Up!

to 8%

BASIC RATE INCOME TAX PAID

NOW'S A GREAT TIME TO SAVE WITH THE LEEDS!

For lump-sum savers

Yes, there's good news for Leeds savers: from December 1st, the interest rates on most of our savings schemes will rise by 1.3% pts net, 1.94% pts gross. That means your money will be working even harder for you, and growing faster or yielding more, however much you have in your account. For instance, the new Paid-up

Share interest rate of 8% on your money is equivalent to 11.94% gross if you pay tax at the basic rate of 33%! Whether you're saving to build capital, or looking for the best possible return on a lump-sum, now more than ever, the Leeds is the place to be.

Call in at your local branch to find out more—the address is in the Yellow Pages.

The Leeds PERMANENT BUILDING SOCIETY

Head Office: Permanent House, The Headrow, Leeds LS1 1NS.

For regular savers

Subscription Share accounts will now earn

9.25% net = 13.81% gross

to those liable to tax at the basic rate of 33%

For fixed term investors

3-year High Return Shares will now earn

9% net = 13.43% gross

to those liable to tax at the basic rate of 33%

2-year term shares: 8.5% (basic rate tax paid) = 12.69%

Say 'the Leeds' and you're smiling

For further details, please fill in the coupon below:

Julian Gibbs Associates Limited,
9 Manchester Square, London W1M 5AB or
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Tel. Day _____

Tax Rate _____ Date of Birth _____

Towry Law's 78/79 concise Guide to CTT

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Towry Law House, High Street, Windsor, Berkshire SL4 1LX

YOUR SAVINGS AND INVESTMENTS 1

Some savings plans are so good they cannot be advertised. Eric Short shows how you can get 15 per cent net on regular savings plans.

The Royal road to faster saving

ONE OF THE best returns available to most regular savers is now provided by building society linked life policies. At current interest rates some of these schemes are now promising returns of up to 15 per cent a year over four years; yet very few investors appreciate the advantages of combining life insurance with building society savings.

The idea is that the investor takes out a 10-year life policy paying monthly premiums. The insurance company takes a small percentage for its expenses and the cost of life cover and the rest is invested in a special building society account. The key to the phenomenal return you are promised is these schemes qualify for the usual life insurance tax relief—16½ per cent at the moment and 17½ per cent from next April.

When the investor wants his money, he simply cashes in the amount accumulated in his account. Provided he runs the policy for at least four years there are no penalties for cashing-in. But proceeds from policies cashed in earlier will be subject to "clawback" of the tax relief element. The building society may also make deductions to cover expenses. The table shows the latest

BUILDING SOCIETY PLAN v ENDOWMENT

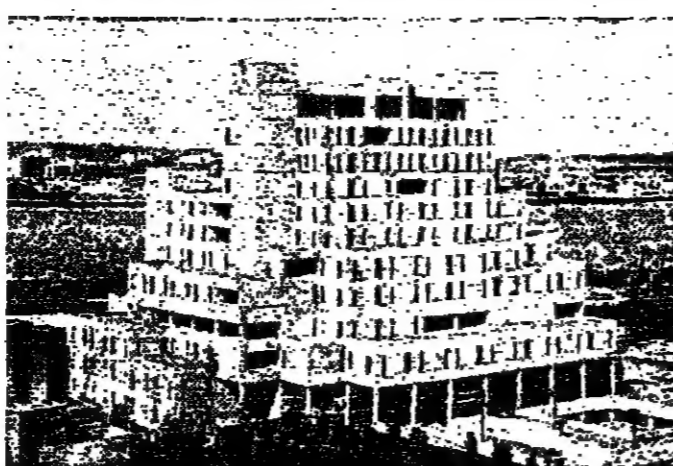
Returns for a man aged 30 investing £10 a month (before tax relief)

Term years	Building society plan		10-year with-profit endowment	
	Net premiums £	Cash-in value £	Net yield %	Cash-in value £
1	100.2	100	—	—
2	200.4	214	—	157
3	300.6	340	—	277
4	400.8	536	15.2	414
5	501.0	700	13.8	568
6	601.2	877	12.8	724
7	701.4	1,069	12.1	911
8	801.6	1,277	11.6	1,116
9	901.8	1,502	11.2	1,339
10	1,002.0	1,788	11.3	1,605

* On current returns.

expected returns from Royal Insurance's plan linked to the Cheshire Building Society, which has just raised the interest rates it pays to policyholders. Somewhat surprisingly, you get the best yield if you cash in after just four years, the earliest you can wind up the policy without clawback problems. The explanation is that your profit from tax relief is diluted the longer the policy runs after the clawback period ends.

For comparison the table also



Royal's headquarters: interest rates reaching for the sky.

drop, whereas the bonus rates on the ordinary policy should stand up well. That is the risk the building society investor has to take.

The table is based on tax relief at 16½ per cent. The higher tax relief from next year will enhance further the attractions of the building society plan. So why are these plans not actively marketed? The life companies tend to leave it to the building societies, to keep expenses to a minimum and the percentage invested as high as possible. The building societies claim their branch managers push these plans with varying success. But it is noticeable the high returns are hardly advertised. The explanation for the circumstances may be that similar plans, which were actively marketed in the early 1970s over two-year investment periods, were the primary cause of the introduction of clawback in the first place. And the fear is that if the idea is too successful, the clawback period could be extended.

Equitable Life, linked with Bristol and West, has no such qualms and uses these policies in its school fees planning service for clients. This is an ideal use for such policies.

Middlemen take cut

IS IT RIGHT that solicitors, accountants, insurance brokers and other professional people should be paid commission when they place a client's money on deposit with a building society?

Several societies now pay up to 11 per cent commission to agents who in many cases do

as commissions is hard to see. Free market organisations have at least the constraint that what they pay in commissions may make it more difficult for them to quote keen terms to the public.

With the building societies fixing both their lending and borrowing rates as a cartel, the danger is that the cost of commissions will tend merely to add to pressure for wider operating margins.

There is a strong case for the societies abolishing commissions altogether. The case for investing short to medium term in a building society is usually so clear-cut for the average taxpayer that most of the deposits the movement currently pays commission on would come to it anyway.

AGENTS' COMMISSION FOR EVERY £100 DEPOSIT

Halifax	£1 (approx.)
Abbey National	85p
Nationwide	£1
Leeds	£1.25
Woolwich	£1

There is a special reason for believing that societies' payments should be reviewed in the case of solicitors, especially those who do not provide a sub-branch service. Under Law Society rules, every solicitor should declare significant commission receipts to his clients and give credit for them in the fees he charges. In effect solicitors should not profit personally from such receipts. To avoid the danger that in a few cases the benefit might not be passed on, ought not the societies to give the clients credit direct in extra interest payments or at least draw attention to the existence of the commission in a note in the passbook?

EAMONN FINGLETON

OPINION

little more than fill out a few forms. For a deposit of £10,000—a fairly typical figure these days—that works out at £150.

The major societies, whose generally modest commissions are shown in the table, blame growth-hungry middle rank societies for rocking the boat. Medium-sized societies are accused not only of bidding up commission rates but of being free-and-easy about whom they pay. The majors generally—and the Halifax and Leeds in particular—emphasise that they restrict their commissions to agents who have signed contracts and are in many cases providing sub-branch facilities. Some other societies, it is suggested, pay commission even to people who have no prior arrangement.

The Building Societies Association is now trying to get the top 20 societies to agree to pay no more than a maximum of 1 per cent commission from next January.

Considering that BSA members with a few minor exceptions agree not to compete with each other on interest rates—which are the one area where healthy competition might benefit savers and borrowers—the case for competing with each other on such peripherals

OFFER TO INVESTORS WITH SHARES WORTH £2,500 OR MORE

Send for details of the M&G Share Exchange Plan by completing the coupon below.

To: M&G Group, Three Quays, Tower Hill, London EC3R 6BQ. Telephone: 01 626 4588. Please send me full details of your Share Exchange Plan.

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INSURANCE

TIMOTHY DICKSON

YOU CAN make a hefty dent in your car insurance bill if you can prove you are a skilful driver.

Several insurance companies and syndicates now recognise that if you have passed the Advanced Driving Test you are a good risk and will quote you lower premium rates. The discount can often be worth between 5 and 25 per cent of the full "top-line" premium (the figure on which no-claims bonuses are calculated). With insurance rates shooting up by 15 per cent this year and a further 20 per cent rise expected in 1979, that can be worth having.

Brokers are cautious about naming insurers which provide such discounts because your settlement depends on many variables. An insurer which gives some motorists credit for passing the test may not give you any extra discount if you



are already getting a very keen rate because of your job, age and no claims bonuses. On the other hand, your certificate may count in your favour if your insurer loads against you because it does not like the type of car you drive.

The test is run by the Institute of Advanced Motorists, a registered charity with 90 test centres around Britain.

It costs £9.30 and membership of the Institute (the passport to a discount) is £3 a year. Through one of its 100 local groups the Institute provides free tuition to would-be advanced motorists.

The pass rate is 87 per cent

for "trained" applicants and 57 per cent for the rest.

The test lasts one-and-a-half hours, involves tricky manoeuvres, and puts you through your paces in heavy traffic, on main roads and down country lanes.

The Institute currently examines four categories of driver—commercial, motor car, three-wheeler, and motor cycle.

One big insurance broking concern which keeps tabs on these discounts and has close links with several companies and syndicates offering them is

Turret.

Invest in the top performing gilt-based fund and obtain 12.2% p.a. current gross yield

Since its launch in February 1974, the Lloyd's Life Option 5 High Yield Fund has been the top performing fund of its kind, according to statistics in Money Management Magazine, October 1978. The offer price has increased by 63%, and the current gross yield of 12.2% is more than enough to cover a 5% per annum cash withdrawal (after tax and charges).

The preferential tax treatment of life assurance bonds allows even 98% tax payers to withdraw 5% of their original investment, free of any immediate liability to tax, each year for a period of twenty years. Lloyd's Life considers the Option 5 High Yield Bond to be ideal for any investor who requires these tax deferred withdrawals.

Lloyd's Life

The Company formed by Lloyd's of London, the world famous Insurance Institution

If you have £2,000 or more available for investment and would like details of the Option 5 High Yield Fund, send the coupon to: Lloyd's Life Assurance Limited, 20 Clifton Street, London EC2A 4HX. Telephone: 01-247 7699

Name _____
Address _____
Telephone Number—Home _____ Work _____
Name of Insurance Broker (if any) _____

Why Save & Prosper Property Fund is well placed to benefit from current investment conditions.

This year capital values of commercial and industrial properties have moved smartly ahead as rents have continued to rise.

Rental growth has been particularly marked in shop properties where increased consumer spending has led to buoyant conditions. Rental increases have also been noted in the City of London, in particular, and also in other sectors of the property market.

It is our belief that the Save & Prosper Property Fund is particularly well placed to benefit from such increases in rental values. Of its portfolio, 44% is committed to shops; additionally, the fund has recently made a substantial commitment to the City of London office market.

Moreover, of the 61 properties held, 39 have rent reviews between 1978 and 1980, and the income of the fund should therefore be boosted considerably over the coming years.

Rental growth has also reinforced demand from insurance companies and pension funds for prime commercial and industrial property. Indeed, they are continuing their policy of building up their holdings of property to 20%-25% of their assets, despite rising interest rates in the money markets.

This percentage is a proportion that many private investors might also consider appropriate.

Past performance

Since the launch in 1971 the fund has performed well, showing a 70.4% increase in the offer price of units to 22nd November 1978. Performance against the Money Management Property Bond Weighted Index, which was started in January 1973, is shown opposite.



Investment policy

Our policy has always been to invest in medium-sized prime properties in carefully selected locations, since such properties are usually in demand when economic conditions are good. Additionally, in difficult times they tend to remain more marketable.

The fund now has a well balanced portfolio of 61 properties throughout Britain, and is currently valued at over £33.9 million.

Analysis of fund by type of property		31%*	10%
Shop	Office	Industrial	Cash
Analysis of rent reviews			
Type of property	Number	1978	1979
Shop	42	12	8
Office	18	2	1
Industrial	1	1	1

The fund's managers are advised by Healey & Baker who specialise in shop, office and industrial property throughout Britain. The properties are independently valued at regular intervals by Cluttons, Chartered Surveyors.

EVERYTHING ELSE YOU SHOULD KNOW

Unit pricing: The Property Fund is divided into units which are normally valued fortnightly, though more frequent valuations can be made if necessary. The offer price is the price at which units are allocated to your Bond and the bid price is that which determines the cash-in value of your Bond. The number of units allocated to your Bond will depend on the offer price ruling on the day your application is received. All net income received by the fund is automatically reinvested to increase the value of units.

Age at death	Percentage of the bid price of your Bond payable on death
Up to 30	200%
31-40	200%
41-50	140%
51-60	120%
61-70	100%
over 70	100%

Charges: There is an initial management charge of 5% plus a rounding adjustment (not exceeding the lower of 1p or 1%) which is included in the offer price of units. There is also an annual charge of 3% of the value of the fund to cover life insurance and administrative costs. The costs of property management, valuation and other expenses of the fund, including buying and selling properties, are borne by

the fund. We also reserve the right to amend the policy benefits, if necessary, as the result of any losses payable under the Policyholder Protection Act.

Current tax position: You have no personal liability to capital gains tax as this is allowed for in the price of units. Also you will have no personal liability to basic rate income tax in connection with your Bond, either while it is in force or when you cash it in. There may be a liability to higher rate and/or additional rate tax if you are, or become liable to these taxes during a year in which you cash in your Bond, or on your death.

Withdrawal facility: Basic rate taxpayers will have no liability to income tax on any withdrawals. Higher rate and additional rate taxpayers may withdraw up to 5% of their original investment each year for 20 years without giving rise to any liability to these rates of tax during the period. Such withdrawals will however, be taken into account in calculating any liability to these taxes when the Bond is eventually cashed in, or at death. Payments are made half-yearly on the last day of the month you select, the first payment being not less than two months after the purchase of your Bond. You may vary your withdrawal rate or discontinue using it, subject to two months' notice being given.

Switching facility: At any time you may switch your investment from the Property Fund to one of 22 other Save & Prosper Group funds, at low cost, and without incurring any personal capital gains tax liability. Full details of this valuable facility are given in the booklet that is sent to you with your policy document.

PROPOSAL FOR AN INVESTMENT BOND LINKED TO SAVE & PROSPER PROPERTY FUND

SAVE & PROSPER INSURANCE LIMITED 4 GREAT ST. HELENS LONDON EC3P 3EP TEL: 01-554 8899

Registered in England No: 322228. Registered office as above.

1. I wish to invest _____ in a Save & Prosper Investment Bond linked to the Save & Prosper Property Fund. I enclose my cheque for this amount made payable to Save & Prosper Insurance Limited.

2. Name of Proposer in full Mr/Ms/Miss _____

3. Address _____

4. Date of birth _____

5. During the last three years have you suffered from any serious illness or undergone surgery? If yes, please give details and dates.

6. Name and address of your usual doctor _____

7. Withdrawal facility: If it is required, please indicate the percentage of your original investment which you wish to withdraw each year. (Minimum investment £1,000).

4% ☐ 5% ☐ 6% ☐ 7% ☐ 8% ☐

I should like the first withdrawal facility payment to be made on the last day of _____ (month) 197____ (year) and half-yearly thereafter. (Not earlier than two months after the date of this application.)

This offer is not available to residents of the Republic of Ireland.

Declaration: I declare to the best of my knowledge and belief that I am in good health and that the answers to the foregoing questions whether in my handwriting or not are true and complete. I agree that this proposal, together with any statement signed in the presence of the Company's medical examiner, shall be the basis of the contract with Save & Prosper Insurance Limited. I consent to the Company seeking medical information from any doctor who at any time has attended me, or seeking information from any life assurance office to which I have at any time made a proposal for life insurance, and I authorise the giving of such information.

Signature _____ Date _____

Agent's Stamp _____

448/PT/1

SAVE & PROSPER GROUP

YOUR SAVINGS AND INVESTMENTS II

Waiting for Wall Street

AFTER A terrifying tumble last month, American shares seem to have found their feet again — for the moment at least.

The panic that took the Dow Jones Index from its high of 107 in September to 785 last week is a warning of the risk involved in investing in a country with major economic problems which still have to be sorted out. But the investor who tries to wait for the perfect moment usually waits too long.

There are plenty of reasons for being wary of Wall Street in the short-term. America's inflation is still not under con-

UNIT TRUSTS

EAMONN FINGLETON

...and while it remains a problem there is always the fear that a savage new depression is just round the corner.

One of the technical nightmares for analysts is that too many shares are financed on borrowed money: a mountain of "margin debt" money borrowed by share speculators, is still towering over the market.

The case for Wall Street now is that the price you are paying for underlying assets is near the lowest it has ever been paid at this time of the year. The typical price-earnings ratio is only 8.

One of the most successful unit trusts in the field is the M and F American, which is 80 per cent invested through dollar funds. Accumulation units were selling yesterday at 49.2p. An investment trust to look at is Edinburgh American, which is about 80 per cent in American shares. Its share price is 110p, which represents a discount of 20 per cent on assets.

Paying those hefty bills

INFLATION has caught up with the bank's convenient Bank Giro system for paying household bills.

The system allows you to pay electricity, gas, credit card and other routine bills at any bank branch. You just fill in a Bank Giro counterfoil—which comes as part of most official bills these days—and hand it over to the bank with your payment either in cash or by cheque. The beauty of the system for aficionados is that by saving up several Giro bills to be paid at one time you not only save shoe leather but you can cut your bank charges by doing the transaction with one cheque.

The problem arises where the total amounts involved come to more than £50 (and increasingly these days they do). Unless you use the bank branch where you have your account, your cheque may well be refused. The reason: the confused legal position over who should carry the can if your cheque is not honoured.

For local payments under £50 the cheque guarantee system provides the safeguard. The transaction is treated as if you first withdrew cash on your guarantee card and then handed over the cash in payment.

BIBA's new Ombudsman

IF YOU ARE not satisfied with the service provided by your insurance broker, the British Insurance Brokers' Association will help sort out the problem. At least that is its interpretation of a press release this week announcing the appointment of Charles Hall as BIBA consumer relations officer, writes Eric Short. The press release stated: "His responsibilities will primarily be to deal with requests for help or complaints from the public."

But further inquiries reveal that Mr. Hall will not arbitrate in disputes over claims or whether the client has been sold the right kind of contract—two major causes of complaint. My impression is that his main function, as far as the public is concerned, will be to lean on slow-paying insurance companies on behalf of brokers who do not have the muscle on their own.

Most BIBA regions have, in any case, already appointed consumer affairs officers to deal with complaints. So it may be better to have your grouse investigated locally.

Nation's Life's non-claimants

HUNDREDS OF policyholders who invested with the failed life company, Nation's Life, are missing out on an early Christmas present because they have not registered a claim with the liquidator Mr. Gory Weiss.

Opting to hedge your bets

INVESTMENT

JAMES BARTHOLOMEW

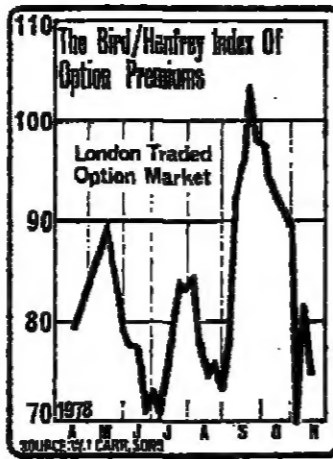
THE TRADED option market has been miserable since the Inland Revenue confirmed two months ago that certain dealings by pension funds would be liable to tax. Unlike the rest of us, pension funds are not used to the idea of paying tax. They withdrew their custom. The result is that last Monday, turnover reached an all time low of 199 contracts in a day.

The tax treatment of individual options is much harsher than that of pension funds. But even for the private investor there are certain dealing strategies which do not fall foul of unreasonable taxation.

The major tax problem is that if you make a gain from buying and selling a traded option you will probably have to pay capital gains tax on a larger amount than you have actually made. This is because the Inland Revenue depreciates the option on a "straight-line" basis over its life. It is the depreciated value at the time you sell the option that will be used in calculating your "gain".

In the Revenue's eyes the "cost" of an option sold towards the end of its life will be negligible and you may sell it for what is regarded as profit whereas it is in reality a loss. Hence you can face tax on a loss.

The most attractive strategy for a private investor is to sell to someone else an option to buy shares which you hold. According to W. I. Carr, the stockbroking firm which charts option values, the premiums paid for most options are higher than in theory they should be. The graph (above) shows the progress of the market since it



started in April. When the index is over 70, options are higher than Carr's computer says they are worth — so it has been more sense to sell options than to buy them. The index is named after the two analysts at Carr's who devised it.

If you want to make money out of covered options—that is options you sell granting someone the right to buy shares in your portfolio—it is best to make the exercise price either today's share price or a higher one. Say you have shares in BP standing at 91.4p. For 41p you could sell someone the right to your shares at 95.0p anytime up to next April.

This strategy would make sense if you want to hold on to the shares but do not expect them to perform brilliantly over the next five months. It is a way of making money out of a dull market.

Unlike other uses of options, this strategy is highly conservative and actually reduces your risk. If BP suddenly fell 100p, you would have 41p compensation. But, by the same token, if the shares rocketed, you would miss out on the fun. From a tax point of view the strategy is usually trouble-free. As long as you let the option expire or allow the shares to be

called away, you will only be liable to capital gains tax in a way that everybody would agree was fair.

A variation on this strategy is a "bear spread." Still expecting the shares to be stable or fall, you again write an option at today's share price or above it. But this time you do not own the underlying shares. Instead you buy an option to buy the shares at a higher exercise price on the same date. This means that if your neutral/bearish view is confirmed and the shares rush up, you are protected against a large loss.

The tax on this transaction is less fair. The money spent on the protecting option will normally not be allowable. But this option should be inexpensive so the tax loss foregone will not be great.

With both these strategies, the investor has little flexibility. The only way most private investors can gain room for manoeuvre is actively to buy and sell "out of the money" long dated options—that is options where the exercise price is above the current share price. If these are held for only a few months then the effect of the wasting asset tax treatment is not severe.

You may feel that traded options are complicated enough without having to consider tax implications at every turn. In which case it is possible to cut the Gordian knot and ask the tax inspector to treat you as a dealer and any profit you make will be treated as income. Otherwise one can set up a dealing company. But for most people this sort of drastic action is not worthwhile.

In any case there is some reason to hope that the next Finance Act will change these laws anyway. Tax inspectors do not like the current complexities any more than the rest of us.

all thanks to the exemption of gains up to £1,000.

The basis of the Inland Revenue's new attitude is that dealing in Krugers is "an adventure in the nature of trade" and therefore should be taxed as self-employed earnings.

Deloitte's adds: "The Revenue contends that the coins are not the sort that numismatists collect and they have been purchased with a view to realising a profit."

Deloitte's experience has been reflected at the Graveland Grand stockbroking firm. Graveland's Graham Mann says: "Some of our clients have had trouble with the tax inspector immediately responsible for their affairs but where they have challenged the ruling it has usually been reversed at a higher level. Our advice is fight any attempt to treat gains on Krugerrands as income."

Tax crunch for Krugers

SPECULATORS NOW cashing in their Krugerrands after the recent big rise in the gold price could be in for a shock.

The Deloitte's firm of accountants reports that some tax inspectors are now treating gains made from Krugers as income—and therefore subjecting them to income tax rates.

Traditionally such gains have been subject only to capital gains tax. That means a much lower bill or—often—no bill at

Cambridge entry stakes

EDUCATION

MICHAEL DIXON

THE UPPER classes have this year generally strengthened their upper hand over the entry to Cambridge University which, by repute, is the hardest to get into.

Families in the "top four" kinds of occupation—administration, management, and professional and technical work—constitute only about 16 per cent of the population. But the share of Cambridge bachelor-degree

admissions taken by children from such families, apparently went up from 68 per cent last year to just over 70 per cent this autumn.

Moreover, as the accompanying table shows, the percentage of applicants who were accepted by the university—were better than the rates of youngsters from families in other types of non-manual jobs, and in agricultural and manual work.

However, while the success rates of boys from independent and the gradually disappearing direct-grant schools held their 1977 lead in the second section

of the table, both were marginally less successful this year. Boys from the Scottish and Irish category improved by 4.7 to 46.8 per cent, and those from English and Welsh State schools by 2.8 to 42.8.

Among girls, Scottish and Irish schools jumped from 25.2 to 35.4, and State schools south of the Border from 25.3 to 29.3. At the top, independents rose from 35.6 per cent last year, to take the lead from direct-grants which declined from 42.7.

The subjects section shows Classics as still far and away the bet bet. But for boys, at least, the reputedly easy option of theology has fallen from second to sixth place.

(All figures show the percentage of people accepted out of total applicants in each category)

(A) Best bets in choice of family background:

MEN	WOMEN
Parental occupation	Parental occupation
Professional and technical	Professional and technical
Administrators and managers	Administrators and managers
Overall average	Overall average
Other non-manual	Other non-manual
Manual and agricultural	Manual and agricultural

(B) Best bets in choice of schools to go to:

MEN	WOMEN
Type of secondary education to Advanced level	Type of secondary education to Advanced level
Independent	Independent
"Direct Grant"	"Direct Grant"
Scottish and Irish	Scottish and Irish
Overall average	Overall average
State-maintained England and Wales	State-maintained England and Wales
Further education colleges	Further education colleges
Other and overseas	Other and overseas

(C) Best bets in choice of subject to apply for:

MEN	WOMEN
University subject	University subject
Classics	Classics
Mathematics	Theology and religious studies
Mathematics with physics	Mathematics with physics
History	Geography
Archaeology and anthropology	Philosophy
Modern and medieval languages	History
Theology and religious studies	Engineering
Natural sciences	Oriental studies
English	Mathematics
Overall average	Economics
Law	Architecture
Engineering	Natural sciences
Geography	Overall average
Philosophy	Modern and medieval languages
Oriental studies	Archaeology and anthropology
Economics	Medical sciences
Music	Law
Architecture	English
Medical sciences	Veterinary medicine
Veterinary medicine	Music

In this final extract from his new book on alternative investment, Robin Duthy tells how you can make money collecting rare books if you have an eye for literary fashions.

Judging a book by its cover



Poor showing: Shaw wrote too much

BOOK PRICES fluctuate according to literary taste and the fortunes of a nation's economy. Until recently American buying, particularly by libraries, was a major support for English language material. But since the American recession a few years ago, library spending has in many cases been cut and private collectors have also been hit.

Some of the biggest price falls have been in 16th and 17th century Bibles but many modern first editions have also suffered.

This has always been a risky sector for the investor because the literary world operates like a team of cornerers performing endless acrobatics on the work of dead authors as well as on preliminary vivisection, pausing from time to time to announce a revised verdict. The verdicts mean changes in status, popularity and price.

But it is also a more exciting field in which the buyer can back his own judgment, although first edition runs of established and even many unpublished writers are now so long that any real scarcity must be a long way in the future.

Correspondence

The last 30 years have shown a steady growth in the value of Thomas Hardy, T. S. Eliot, Ezra Pound, James Joyce and Yeats, Hemingway and Faulkner. A disappointing showing has been made by Bernard Shaw, partly because he wrote so much, partly because the first editions of his works were themselves large and partly because the letters of a vast correspondence help to satiate the appetites of Shaw specialists. Unworthy Shaw and Kipling have been discounted since 1950, not sur-

prisingly since their work enjoyed an enormous vogue in the 1930s which has not been equalled since. The literary coroners have been able to announce more favourable findings in the cases of E. M. Forster, Conrad and George Eliot, whose works have increased in value strongly during the last 10 years.

D. H. Lawrence and T. E. Lawrence have both in their different ways been cult figures. There was a surge of interest in D. H. Lawrence's work following the Lady Chatterley's Lover trial in 1959 but has since shown a below-average rate of growth. T. E. Lawrence values seem to fluctuate with the historical status of his Seven Pillars of Wisdom. As researchers come close to proving that large sections of his magnum opus were hallucinated, Lawrence naturally loses status and his cult following tends to thin out.

Immaculate

Each writer and even each book he has written has a price-history for which detailed, although often conflicting, explanation may be offered. But whatever justification there may be for a writer's rating in the literary world, the collector's view shows for the condition of books has become obsessive and is tending to become more so. The Stockhausen collection sold in America in 1975 was famous for the immaculate condition of its books and some of the prices realised were four times higher than the next best price for the same volume ever recorded. In another American sale in 1977, a copy of the Wind in the Willows was auctioned with its dust-jacket in perfect condition for seven times the price 20 years; in other words, those realised for a comparable copy without the dust-jacket. In this becoming classic, and begin searching for the first editions.

Other investments covered in the book include Chinese ceramics, coins, diamonds, English silver, firearms, gold, modern art, stamps and French wine.

Taste has recently swung to 1978 Robin Duthy

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MOTORING/GOLF



The Opel Senator: top executive transport in the BMW and Mercedes class.

Try a little luxury

BY STUART MARSHALL

OPEL's latest luxury cars, the Senator and its coupé derivative, the Monza, can hold up their heads in select and expensive company.

At £9,500 the Senator can hardly be considered as budget-priced transport for the top executive. But comparing it with even more costly cars like the BMW 720, which costs £12,000, or the £12,749 Mercedes 280SE, is not unrealistic. Nor is the result unflattering to the Opel.

The Monza really has no direct equivalent. It is a visually exciting coupé, with two passenger doors and a monstrous hatchback opening on to a large, carpeted boot. Despite its sweeping lines, it is a proper four- or five-seat car. The back seat is easy to enter and leave because the doors are so wide they leave a big gap between the front seat backs and the body pillar. And you don't fall over the seat belts when getting into the back of the Monza; an extension holds them out of the way. A second extension allows a petite woman to drive belted up without the webbing rubbing on the side of her neck. Other manufacturers please copy.

Although they look quite different, underneath the sheet metal the Senator and Monza are almost identical twins. They have 3-litre, six-cylinder engines with fuel injection, developing 132 horsepower at 5,500 rpm. Automatic transmission is standard. Only the Monza is offered with a four-speed manual alternative for the same price.

Power steering, disc brakes all round and fully independent

suspension are all part of the Senator/ Monza package. The Monza looks smaller, but it is only half-an-inch shorter in wheelbase and the difference in overall length is 5 inches. The 15.4 gallon tank holds a gallon less than the Senator's. Performance is marginally better. In normal use you would hardly notice any difference, but a stopwatch shows the automatic Monza takes 10 seconds to reach 60 mph from a standstill against the Senator's 10.5 seconds. Its 130 mph maximum is just 3 mph higher. Fuel consumption is 22-24 mpg on a journey.

What matters much more to business motorists than these trifling differences is that both cars are superbly silent. Except when accelerating hard, the engine can hardly be heard. There is a whisper of wind noise at cruising speeds and a notable lack of road roar, regardless of surface. What all this adds up to is that in either car, the radio volume you set in town is still satisfactory on the motorway.

Both cars handle extremely well. They corner elegantly at high speeds and remain well balanced when pressed hard on wet or dry roads. The Monza is the better of the two, however, and that is simply explained. It has Pirelli P6 ultra low profile tyres, whereas the Senator has radials of more conventional cross-section. As always, these 26 tyres make a good car better. Ride comfort is unaffected but sharpens the Monza's steering response and lets you swing manual steering just that little bit faster.

The big Opel's good manners extend to smaller things, too.

Both cars fire up instantly on frosty mornings without so much as a dab of the accelerator pedal. Their transmissions are smooth to the point of being self-oiling in the way they change up or kick down. The front seats are adjustable for reach, tilt and height. All the instruments are easily seen; the exterior mirrors are adjustable from inside. The heating and demisting starts working within a few hundred yards and keeps the front door windows clear of mist.

The velour trim, colour-matched carpets and discreet touches of woodgrain all help to create the right environment for a driver who may have to grapple with business problems on a journey. And the silence is truly golden. About the only criticism worth making of the interior is that the windscreen pillars are on the thick side and the tinted strip along the top adds unwanted gloom to a dull morning.

Finally, a word of comfort for any business motorist who would like a Senator or Monza but whose company secretary says "no" because they are too dear and foreign made. Almost the same cars, though with 2.8-litre carburettor engines, manual transmission and fractionally less luxury, can be had as Vauxhall Royals. They are cheaper, at £7,956 for the saloon, £8,249 for the coupé.

And, who knows, you might even get away with calling them British.

Your weekend: E. Austria 24.8, Belgium 24.5, France 24.6, Italy 14.6, Greece 22.0, Spain 18.2, Switzerland 13.1, U.S. 17.0. Source: Thomas Cook.

TWO GOLFERS from Indonesia with the unlikely names of Suparman and Sumarno will tee-up some time next Thursday here in Kauai, on the glorious Princeville Makalei course, in the certain knowledge that they will be locked in battle with the Yugoslavians to avoid finishing last in the 26th World Cup two-man team championship.

Sunovone else may beat them for that doubtful honour. But precedent decrees that these two nations are unlikely to finish much higher in an event that will bring together golfers from 48 countries in this garden paradise. The Indonesians last competed in 1959, when Salim and Slamudin finished second last and last respectively, each breaking 90 but once. But Yugoslavian Mirko Vucic actually took 407 shots in this 72-hole championship in Bangkok, to finish last in 1973. The significant fact, however, is that this gentleman improved considerably to take only 391 shots in Manila last year, when finishing last once again in a 98-strong field.

That is what the World Cup is all about. It seeks merely to spread goodwill through golf, and, to my certain knowledge, achieves the aim of the

sponsoring body, the New York-based International Golf Association, admirably each year in various exotic locations around the world.

Also, Waterville in Ireland's Co. Kerry lost the event in July this year because politics reared its head and the country in question refused to allow the championship to be staged there because the South Africans planned to take part. There has been a token protest against their inclusion here in Hawaii, but hopefully it will amount to no more than that. But an event whose winners include such names as Ben Hogan, Sam Snead, Arnold Palmer, Jack Nicklaus, Lee Trevino, Gary Player, Peter Thomson, Roberto de Vicenzo, and Mr. Lu will be missing many of its more familiar leading lights this year.

For instance, Seve Ballesteros, who has gained more prestige in his native Spain from winning the last two World Cups in Palm Springs, California, and Manila, cannot apparently afford the time to help his country defend the trophy. Actually,

every player is provided with a return airline ticket, a week's free lodgings, and two meals per day plus \$700 pocket-money. Similarly, Brian Barnes has said that he cannot afford to leave his Sussex residence to represent Scotland.

In addition, because their domestic circuits are in full

GOLF

BEN WRIGHT
HAWAII, Nov. 24.

swing, Australia will be represented by youngsters Greg Norman and Wayne Grady, while the Japanese, even had the temerity to suggest sending an amateur team.

The IGA, which is sponsored by American Express, Pan Am, International Telephone and Telegraph, Times Inc., Colgate, Palmolive and Rothmans International, told the Japanese politely but firmly that this was unacceptable, and earlier this

week Norio Suzuki and Shigeru Uchida were nominated by the Japanese PGA—a quietly formidable combination.

But the Americans, who have won the event no less than 13 times since it was launched in 1953, are once again odds-on favourites. They are represented by their Open Champion, Andy North, and PGA champion John Mahaffey, neither of whom finds it anything but a considerable honour to represent his country.

Many years ago, in 1858, the Irish, represented by Harry Bradshaw and Christy O'Connor, won the World Cup in Mexico City. Bradshaw was only beaten by that great Spanish golfer, Angel Miguel, in a sudden-death play-off for the International Trophy that is awarded to the leading individual. Since then, the Irish have never lost the trophy, and it is about time they did. In Howard Clark and Mark James, England have two worthy representatives, as have Scotland in Ken Brown and Sam Torrance.

"Paradise" is certainly no exaggeration for this location when describing the marvellous three loops of nine holes here, simply and aptly named Ocean, Lakes and Woods. The first two will constitute the World Cup course, which will play 6,896 yards, par 72, along lovely cliff tops with the Pacific roaring noisily below, and precipitous peaks and rain forests providing a most dramatic backdrop.

Robert Trent Jones Jr. has created another masterpiece here, which I first sampled with delight six years ago before it had matured. That it has done so and become the best-conditioned course I have seen for some time is due mainly to the expertise of a Texan agronomist, Jim Eagle, whose love affair with good grass has turned a disaster area into a rare delight.

The 180-yard third on the Ocean course played downhill to the edge of Hanalei Bay, has been immortalised by photographers, the world over. But the 200-yard seventh on the same section of the course is as spectacular as anything in the world, and unaccountably reminiscent of the 16th at Cypress Point in that it is played from cliff-top to cliff-top with the surf boiling below. Need I say more?

Afloat in the sun

THOSE who are already staunch cruise addicts will need little telling from me that this can be one of the most effective ways of defeating the winter. For the rest, the choice between a few days' mini-cruise to Scandinavia and a 90-day voyage, with all the permutations in between, may be dazzling and/or confusing. And, to be realistic, everyone makes the ideal cruise person.

Obviously the more active or more sociable traveller is the one who will get the fullest value for his or her money, since the purpose of cruise personnel is to keep you happily occupied or entertained most minutes of the day. But you have the choice of participating in everything or nothing, and there are few ships on which the more self-conscious won't find quiet corners of deck hardly ever visited by anyone else. It's a wonderful way of seeing a lot without the repetitious chore of packing and unpacking, and with the knowledge you will be pampered every nautical mile of the way.

Cruise costs (excluding travel to port of embarkation) range from a minimum of about £15 per person per day, but two or three times that figure is more realistic for a berth in a double outside cabin with private facilities. This, of course, covers not only the voyage and "toll board," but an often lavish programme of entertainment and a host of extras, such as an almost constant supply of things to sip or nibble. The only main additional expenses are those at the bar, personal items like laundry, and optional shore excursions.

Apart from the question of

TRAVEL

SYLVIE NICKELS

cost, two obvious points to look out for are the type of cruise and the ports of call. Flycruises, for example, have the advantage of getting you to the sun quickly, and the luggage restrictions on the flight are no great handicap when packing for warm weather areas. Some people, however, still prefer the ease of boarding at a UK port. If you have an exploratory turn of mind, you should check that ports of call are frequent and varied enough to suit you.

There are a couple of perhaps less obvious points to bear in mind. With the tremendous increase in package arrangements combining not only air travel with complete cruises or

sections of them, but also with various land arrangements, quite a few ships or sailings may carry a proportion of sizeable groups, which does not suit all independent passengers.

The shipping company or your travel agent should be able to give guidance on this.

Second, the main national content of the passenger list can make a big difference to the mood of the cruise. I mentioned a few weeks ago how a British accent went me a host of instant friends on board Holland America Line's Veendam in the Caribbean last winter when the passenger list was predominantly North American.

On the whole, the Americans enjoy a chummy approach to the whole cruise programme, and their shore excursions are heavily weighted towards shopping. This applies especially to cruises out of U.S. ports. On another HAL voyage out of Singapore on the Prinsendam cruising Indonesian waters (now the only ship on this circuit), the Americans, like the Europeans, travelled a long way to get there, and their priorities were quite different. This winter, for the first time, HAL are offering four post-Prinsendam cruise excursions to the People's Republic of China.

HAL is one of the leading operators in the Caribbean. Other companies with substantial programmes in that area are P & O, Cunard, Royal Caribbean, Norwegian Caribbean, Carnival Cruise Lines and Costa Line.

he saw that the finesse was unnecessary. He played the King, and when East failed to follow, he threw West in with another heart, and made his diamond King after West had cashed his Ace.

But this declarer had a blind spot:

N.

* J 10 5

* 10 8 2

* Q 4

* A K 10 5 3

W.

* 8 7 2

* A K Q 9

* J 10 8 3

* 8 7

E.

* 9 3

* J 6 4

* K 7 5 2

* J 9 6 4

S.

* A K Q 6 4

* 7 6 3

* A 8 6

* Q 3

North dealt at love all, and after two passes South bid one spade, and rebid two spades after his partner's response of two clubs. North now raised to three spades, and South went four.

West cashed three heart winners, and then switched to the diamond Knave. South put up dummy's Queen with no real expectation that it would win. East covered, and the Ace won. Now the declarer decided to run all his trumps, hoping that the forced discarding might embarrass the opponents, and then to play on clubs. If the suit broke 3-3 or the Knave fell on the second round, he would make his contract. Neither defender was under any pressure from the five rounds of trumps, the clubs did not break and the Knave did not fall, so the contract was defeated by one trick.

The declarer, who was quite a reasonable player, failed to spot the correct line. After taking his Ace of diamonds, he should draw two rounds of trumps with the Ace and Knave. He then cashes the club Queen and King, ruffs a club with the King of spades, and returns a trump to dummy's ten. This draws West's last trump and enables South to cash King, ten of clubs, and claim ten tricks.

Of course, if either defender shows out on the second round of spades, the declarer draws the trumps, and relies on a favourable lie of the clubs.

CHESS

LEONARD BARDEN

IT IS a sobering thought for Western hopes to challenge Soviet supremacy at chess that the USSR already has a player lined up to become Anatoly Karpov's eventual successor in the late 1980s or early 1990s. He is Garry Kasparov, who won the USSR under-18 championships at age 13 and who now, at 15, has the best results of any player of his age except Fischer and Mecking.

Kasparov has been coached at former world champion Mikhail Botvinnik's chess school, where Karpov also gained advice and experience. Botvinnik has already declared that he regards Kasparov as his best-ever pupil—implying that he is a brighter talent than Karpov—and boldly commented that "the future of chess is in the hands of this boy."

The USSR has also for some years had a natural successor to Nona Gaprindashvili for the world women's title in 17-year-old Maia Chiburdanidze, but this young girl's achievement in playing right through the qualifying competition and defeating Nona 4-1 in the championship match suggests that she is likely to become the best woman player ever.

Given that over 20 or 30 boards British juniors would probably hold their own with the Russians, why do the latter do better at the top? The answer is ultimately that the far greater resources available for chess in the USSR provide opportunities which Britain simply cannot match. In terms of cost-effective chess, the small funds here are more successful than the huge provisions in the Soviet Union, witness England's gold medals ahead of the Russians in the World Youth Championship in Mexico and our result at the chess olympiad in Buenos Aires. But in some areas the financial disparity is so great that they are unable to compete.

One such area is junior coaching where thousands of Russian masters and experts work on a full or part-time basis but where the small government grants from the Department of Education and Science here do not provide for a single national trainer. That is where Chiburdanidze and Kasparov have benefited. Besides attending to the Botvinnik school, they study regularly with the strong grandmaster, Gelfand.

Similarly, the two Soviet juniors who recently took the gold and silver medals at the junior world championship had regular grandmaster sessions over many months. In Britain we cannot afford such facilities even for such an exceptional talent as Nigel Short.

White: G. Kasparov. Black: S. Palatnik. Opening: Alekhine's Defence (USSR semi-final 1978).

1 P-K4, N-KB3; 2 P-K5, N-Q4; 3 P-Q4, P-Q3; 4 N-KB3, P-KN3; 5 B-QB4, N-N3; 6 B-N3, P-QR4; 7 P-QR4, B-N2; 8 N-N3, P-K3.

White is following a well-known plan against the Alekhine Defence (1...N-KB3) where he hopes to stabilise the central pawn formations and then use his space advantage to mount a king's side attack. Experience shows that the best reply is...

P-Q4 followed by...P-KB3, and Black's inferior choice in not

find quiet corners of deck hardly ever visited by anyone else. It's a wonderful way of

seeing a lot without the repetitious chore of packing and unpacking, and with the knowledge you will be pampered every

nautical mile of the way. Cruise costs (excluding travel

to port of embarkation) range from a minimum of about £15 per person per day, but two or three times that figure is more realistic for a berth in a double outside cabin with private facilities. This, of course, covers not only the voyage and "toll board," but an often lavish programme of entertainment and a host of extras, such as an almost constant supply of things to sip or nibble. The only main additional expenses are those at the bar, personal items like laundry, and optional shore excursions.

Apart from the question of

cost, two obvious points to look out for are the type of cruise and the ports of call. Flycruises, for example, have the advantage of getting you to the sun quickly, and the luggage restrictions on the flight are no great handicap when packing for warm weather areas. Some people, however, still prefer the ease of boarding at a UK port. If you have an exploratory turn of mind, you should check that ports of call are frequent and varied enough to suit you.

There are a couple of perhaps less obvious points to bear in mind. With the tremendous increase in package arrangements combining not only air travel with complete cruises or

sections of them, but also with various land arrangements, quite a few ships or sailings may carry a proportion of sizeable groups, which does not suit all independent passengers.

The shipping company or your travel agent should be able to give guidance on this.

Second, the main national content of the passenger list can make a big difference to the mood of the cruise. I mentioned a few weeks ago how a British accent went me a host of instant friends on board Holland America Line's Veendam in the Caribbean last winter when the passenger list was predominantly North American.

On the whole, the Americans enjoy a chummy approach to the whole cruise programme, and their shore excursions are heavily weighted towards shopping. This applies especially to cruises out of U.S. ports. On another HAL voyage out of Singapore on the Prinsendam cruising Indonesian waters (now the only ship on this circuit), the Americans, like the Europeans, travelled a long way to get there, and their priorities were quite different. This winter, for the first time, HAL are offering four post-Prinsendam cruise excursions to the People's Republic of China.

HAL is one of the leading operators in the Caribbean. Other companies with substantial programmes in that area are P & O, Cunard, Royal Caribbean, Norwegian Caribbean, Carnival Cruise Lines and Costa Line.

he saw that the finesse was unnecessary. He played the King, and when East failed to follow, he threw West in with another heart, and made his diamond King after West had cashed his Ace.

But this declarer had a blind spot:

N.

* J 10 5

* 10 8 2

* Q 4

* A K 10 5 3

W.

* 8 7 2

* A K Q 9

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White mates in two moves, against any defence (by A. Vasilenko, first prize "64", 1978).

SOLUTIONS PAGE 14

SOLUTIONS PAGE 14

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PROPERTY

The gain and the pain

BY JOE RENNISON

HOW BADLY have we been hit by the rise in prices over the past year? If Fox and Sons of the southern part of England are to be believed, harder than we thought. The firm are well qualified to make such an assessment as they are one of the largest agents in the country and operate in the south and west. Their office report on the situation as follows.

Demand for residential property at all levels in the Bourne/Poultice/Christchurch and surrounding areas has remained strong throughout 1978. In the early part of the year, the number of properties available on the market became as low, if not lower, than as during the property boom of 1972-73. In line with the rest of the country, the area has experienced a substantial increase in property prices. The upward surge ceased towards the end of spring, but renewed itself in the later summer months. It is probable that pressures are now easing again, but it is too early to have concrete evidence. Their records show that new developments

with which they are concerned have increased in price over the past 12 months by figures ranging from 20 per cent to 40 per cent approximately. "These increases do not appear to have significantly diminished demand, and all the new developments which we are handling are selling at a satisfactory, steady rate."

The effect of this market has been to create considerable demand for land with planning approval for residential development. There is plenty of evidence to show that prices now being paid are up to 50 per cent higher than a year ago.

First-time buyer

While they think that the rise in the building society lending rate to 11 per cent must affect the residential market over the next few months, they do not agree with the opinions immediately expressed by some politicians and members of the property press as to the extent of difficulty it will create for the first time buyer. Offset against the gross repayment increase must be considered the following: tax relief or the alternative benefit of option mortgages, reduction of the rate of increase in property prices and increases in mortgage funds reducing borrowing time, and perhaps extension of the maximum borrowing limits.

The increase of 21 per cent in MLR will no doubt work to reduce the volume of output from builders, but this will probably take a little while to work its way through the market. Acting against the pressure this will produce on costs and availability, will be the apparent determination of the present Government to ensure that the rise in real incomes will be severely contained during the coming months.

Assessing the above factors, they anticipate that during the next few months, the increases in property prices will reduce to a level more in line with inflation, but demand should

remain strong enough to ensure that there is no property slump. Developers should be able to sell without any great difficulty, but it is possible that increasing construction and finance costs could in time make the current prices being paid for some land appear dear.

Beyond this, they find it difficult to make any relevant estimate. Property prices are closely influenced by the economy of the country and government actions. At a time when there are so many contrary and volatile elements in both, forecasts for the future become merely guesswork.

The Brighton branch of the business has seen a similar pattern in the market.

Owing to a greater relaxation on the money market and the availability of mortgage funds, they saw a considerable increase in property prices in the early part of 1978 and it became extremely difficult to assess values owing to the excessive demands for all types of property. A number of gazumping situations occurred as the demand outstripped the supply, especially at the lower end of the market and it was felt that all the ingredients existed for a continual price spiral on the domestic property scene. The price increase forecast for 1978 varied widely from 5 per cent to

20 per cent according to the type of property. A point to be remembered when discussing this present area is the lack of building land available and this has caused, in the south east, a critical situation for new developments and has forced builders and companies to pay excessive prices for land. However, this mini boom only continued for a matter of months as the mortgage funds became more difficult to obtain and prices reached a plateau during the middle of the year but the higher-priced properties have been able to hold their own owing to the continual influx of foreign buyers, in particular Middle Eastern gentlemen.

It is now expected with the increase in base rate and mortgage rates that this will bring about a greater levelling of the situation and more negotiations with property prices, rather than it being too one-sided. In Shoreham on an estate started some 8 years ago, a small Regency style three-bedroom house sold at £16,000/£16,500 in early 1978. Today the price is between £22,000/£24,000.

The biggest leap in prices has been in this £15,000/£30,000 range which over the same period semi-detached houses selling for £21,000/£22,000 are now £26,000/£27,000.



Queen Anne and Georgian period houses in rural settings are always in great demand and the Northampton Office of Jackson-Stops and Staff believe that Danvers House, Colworth, will be no exception to the rule. The house, which is built principally of Northamptonshire ironstone with a tiled roof dates mainly from the reign of Queen Anne. It has many delightful period features including beautifully proportioned sash windows with internal shutters in all the principal rooms. The accommodation which

requires some modernisation, comprises reception hall, three reception rooms, cloakroom, kitchen, five bedrooms, two bathrooms, staff accommodation. Outside there are three gardens, nine lawns, a summerhouse and a 100-foot garden to the south of the house. There are grounds and grounds of about 2.5 acres in all and a further 4 acres can be made available if required. The agents expect considerable interest in the property and are looking for offers of over £65,000.

ANYONE who thinks that primitive things are, by definition, inferior things should consider the magnolias. They are among the earliest of flowering trees to evolve. First appearing something like a hundred million years ago when dinosaurs roamed the world and flowers had not yet learned to differentiate between petals and sepals. So botanists had to invent a new name for their dora parts and called them tepals.

Those often massive blooms, and indeed the whole character of the magnolia family, has remained virtually unchanged although, oddly, this is not a family that seems ever to have "jelled" into species as distinct and clearly definable as those of many plants that have existed for a much shorter time. This indecision has given botanists a lot of fun and caused gardeners a good deal of puzzlement as they have watched the classification of the genus change with consequent confusion in nomenclature.

But these are minor annoyances which detract not at all from the marvellous beauty of the best magnolias. They have also made amends by proving extremely tolerant of our tech-

nological age. Why such primitive plants which came into being when there was little to pollinate the atmosphere except the nature gases bubbling out of bogs, should be so ready to put up with the fumes we produce by burning the fuels which were then in process of fossilisation I have no idea but the fact remains that magnolias are to be seen blooming happily beside many a busy thoroughfare and even close to factories.

Magnolias are also much more tolerant of soil conditions than most people imagine.

Although they certainly do appreciate a good ration of humus and prefer the soil to be moderately acid or neutral, most will tolerate lime, sometimes quite a lot of it as the late Sir Frederick Stern demonstrated so convincingly in his chalk quarry garden at Highdown near Worthing.

Magnolia roots are rather fleshy and many of them are near the surface. They do not recover easily from injury and this can make them tricky to

The primitive, but lovely

GARDENING

ARTHUR HELLIER

transplant if they are lifted from open nursery beds. It also makes them vulnerable to cultivation which perhaps explains why such good trees are often to be seen in rather neglected gardens where the soil has probably never been dug since the magnolias were originally planted.

Some kinds also take a rather leisurely view of life. After all, when your kind have been around for a hundred million years and are still doing fine despite all the new fangled competition why should you be in a hurry to produce flowers, seeds and a new generation? So for some of the big tree magnolias such as *Magnolia campbellii* and *M. sprengeri*, the well named Goddess Magnolia, one may have to wait 20 years

or more for the first sight of a flower. In consequence these are plants for gardeners who intend to stay where they are or are willing to plant for posterity.

Fortunately there are other magnolias that are not so tardy. *Magnolia stellata*, for example, which can be in bloom within a year of planting, lovely *M. denudata* with large white tulip-like flowers, *M. liliflora* with petals the colour of ripe Victoria plums and the many excellent forms of *M. soulangiana* a hybrid made by crossing *M. denudata* with *M. liliflora*.

These are the best magnolias for general planting and they are also the most freely available, except for *M. denudata* which has become sadly scarce, a white form of *M. soulangiana* usually being supplied in its place.

Most magnolias are deciduous and many flower before the leaves appear or just as they are bursting into growth but there are also summer flowering kinds and some that are

evergreen. The best of the latter is *M. grandiflora* with immense, ivory white flowers like water lilies but not usually a great many at a time. It would be worth growing solely for its leaves, large, laurel-shaped and shining green above, often with a dense covering of rusty down beneath. It is arguably the most magnificent hardy flowering shrub though "hardy" must be qualified a little as it will not survive severe and prolonged cold if its wood has not been prepared by a good period of ripening, which is one reason why it is often trained against a sunny wall.

It is astonishing that a family of plants so beautiful and full of interest has attracted only two major chroniclers in English yet so it was until a few weeks ago when an entirely new work, "Magnolias" by Neil G. Treseder was published by Faber and Faber. It is not as magnificent as either of its predecessors. "Magnolias" by J. C. Millais published in 1927 and "Asiatic Magnolias in Cultivation" by G. H. Johnston published in 1935 but it is comprehensive, authoritative and up to date. The price is fairly high, £30 for a 246-page book, but clearly it is not intended for a large and popular sale and it is probable that it could not have been produced even at this price without the financial assistance of the Stanley Smith Horticultural Trust, which generously supported the work.

Mr. Treseder has not only dealt with the temperate magnolias but also those closely allied genera *manglietia* and *nichelia*.

Cabbage plots

CHINESE LEAVES, or Chinese cabbage as they are sometimes called, are now a familiar sight in greengrocers' and supermarkets—and a most attractive one. The first time I saw them I thought they were a gargantuan variety of chicory. The heads are long, tightly packed and very heavy; the thick, fleshy stems are like fingers, running the length of the crinkly pale green leaves and clasping them tightly together. There is none of the usual brassica wastage, no coarse outer leaves, no woody central core. Texture is deliciously crisp (I am one of the many who actually prefer the stems to the leaves), and flavour is far more delicate than that of any other member of the brassica family. Chinese leaves keep for at least a week if stored in the vegetable compartment of a 'fridge' (wrap them up in a polythene bag first or flavour will be lost).

Despite all these praiseworthy features, Chinese leaves remain unfashioned in many households. Perhaps this is partly because we over-conservative British are slow to accept new foods, particularly those we have not sampled on holiday abroad. Perhaps it is partly because cabbage is not notably associated with the best of British I am particularly fond of when cooking. Or is it because most Chinese cabbage was first introduced as a winter salad Grigson's Vegetable Book (just vegetable) and we envisaged it as some sort of peppery cole-slaw ingredient? Whatever the reasons, if you have not yet tried this delectable vegetable, I urge you to now. It is a very superior cabbage.

Here are two recipes of which I am particularly fond. For lots of cooking, or is it because most Chinese cabbage was first introduced as a winter salad Grigson's Vegetable Book (just vegetable) and we envisaged it as some sort of peppery cole-slaw ingredient? Whatever the reasons, if you have not yet tried this delectable vegetable, I urge you to now. It is a very superior cabbage.

Cabbage plots

COOKERY

PHILIPPA DAVENPORT

Raw Chinese leaves can make very good salads—but not on their own, in my opinion. I have tried many combinations, and my undoubted favourite consists of Chinese leaves, watercress and avocado. I allow three bunches of watercress, two large avocados, pears and a few salad onions for every half pound or so of finely shredded Chinese leaves. Coat the mixture with an oil and lemon dressing.

But it is in cooking that the full pleasures of Chinese leaves become evident. Like all brassicas, Chinese leaves have a very high water content and so boil them in a little water. A brief blanching is, in my view, a thoroughly dry-leave after washing. Steaming is better, and cooking in fat is better still. Stir-frying is the quickest of all, particularly those we have not sampled on holiday abroad. Perhaps it is partly because cabbage is not notably associated with the best of British I am particularly fond of when cooking. Or is it because most Chinese cabbage was first introduced as a winter salad Grigson's Vegetable Book (just vegetable) and we envisaged it as some sort of peppery cole-slaw ingredient? Whatever the reasons, if you have not yet tried this delectable vegetable, I urge you to now. It is a very superior cabbage.

Chinese leaves with walnuts. This makes an admirable first course dish in its own right, or a fine vegetable accompaniment to a main course. Like all brassicas, Chinese leaves seem to go particularly well with pork meats; this recipe is excellent with grilled pork chops, an ideal choice when you want a simple but slightly unusual dish that is really quick to prepare.

1 lb Chinese leaves, 11/2 lb walnuts, 2 tablespoons sesame oil, 2 tablespoons cornflour, 2 tablespoons tarragon vinegar, 2 tablespoons cold water, salt and freshly ground pepper. Rinse and finely shred the cabbage and cook, stirring and turning continuously with a pair of spoons, for 2-3 minutes. Sprinkle on the walnut pieces. Over the sauce a quick stir and pour it into the pan. Continue stirring and turning for a further 2-3 minutes until the sauce is hot, thickened and clinging to the leaves. Serve immediately.

Stuffed and braised Chinese leaves. A first rate and very inexpensive dish, handsome enough to serve for a party. Preparation takes time but is well worth the effort and can be done ahead. Good sausages are essential. Our local Wiltshire butcher has now retired but (thank goodness) continues to make and supply me with the best. Bratwurst I have ever eaten. Matsson's Bratwurst are widely available and very good.

2-2 1/2 lb Chinese leaves, 1 lb best sausages—preferably Bratwurst, 1 lb onions, 2 or 3 rice, oil, butter, strongly flavoured chicken stock, garlic, cummin, salt and freshly ground pepper. Optional extras: egg yolks, cream, lemon juice. Carefully peel away 12 large, well-shaped outer leaves. Blanch in boiling salted water for 1-2 minutes, drain thoroughly, pat dry with kitchen paper towels and spread flat. Cook the rice in chicken stock. Heat a scant tablespoon of oil in a large pan. Add the sausages, skinned and broken into pieces, and cook until lightly coloured. Remove with a slotted spoon and set aside.

Add the finely chopped onions to the pan and cook over low heat for 10 minutes until quite soft. Increase heat, add the shredded heart of the cabbage and cook, stirring and turning continuously with a pair of spoons, for 2-3 minutes. Sprinkle on the walnut pieces. Over the sauce a quick stir and pour it into the pan. Continue stirring and turning for a further 2-3 minutes until the sauce is hot, thickened and clinging to the leaves. Serve immediately.

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C.H. Price £7,000. Tel. 061-236 1180.

COMPANY NOTICES

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Special Meeting of Stockholders of
CAMINOS TRANSNORTE MEXICANOS
S.A. will be held on Monday, December 4th, 1978
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HOW TO SPEND IT

Armchair shopping

FOR THOSE who can't face the traffic, the crowds, the over-heated stores, the feeling that pushing that trolley is an inevitable part of the Christmas shopping scene, this week's page is almost entirely devoted to ways and means of shopping by post. Anybody who has an account at a big store like Harrods or Sainsbury will by now already have received their glossy catalogues, and probably still be drooling over their enticing, if astonishingly priced, wares.

There's a small little point, therefore, in drawing the catalogues of the stores to your attention so, instead, I have concentrated on some of the lesser-known shops that run mail order businesses on a smaller, but not necessarily less beguiling, scale.

Each year I mention HALCYON DAYS of 14, Brook Street, London W1 for the very good reason that although every-

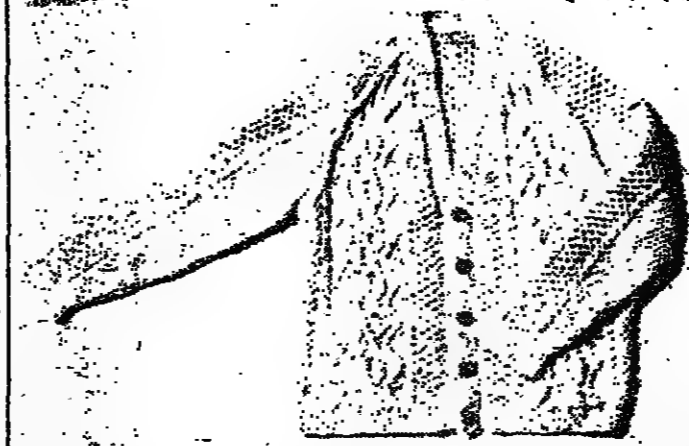
thing it sells has a definite taste and style behind it, nonetheless there is every year something new. There is always a special Christmas catalogue box and this year's version is a Regency Street scene of a family arriving with presents on Christmas Eve. It costs £15.50; but for the full range of small, exquisite delights, both old and new, send off for the catalogue. JUST GINGHAM at 44 Pimlico Road, London SW1 specialises in—you've guessed it—gingham. They use gingham in sixteen different colours, so there ought to be something to match almost any room; and there is a complete range of bed-linen all trimmed with gingham—sheets, pillowcases, duvet covers, bedspreads, valances and blanket covers. Prices start at £2.95 for a pillowcase, a single sheet is £9.25, a duvet cover is £18.50, while bedspreads are £25.50 for single size, £29.95 for double.

Besides the bed-linen there are matching dressing gowns, children's clothes and toys, kitchenware (tea-cosies, egg-cosies, napkins) and so on. Write to Just Gingham for their leaflets, sending 25p to cover costs.

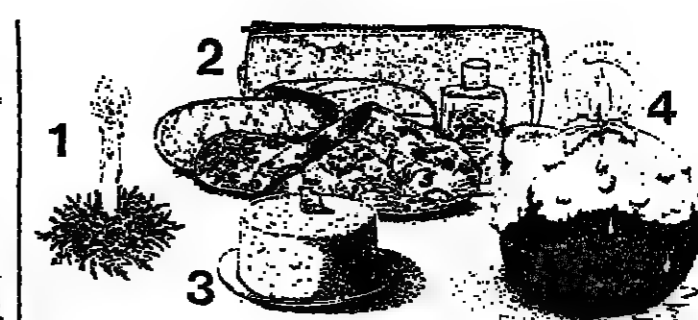
JACKSONS of 171 Piccadilly, London W1 (their Sloane Street branch has now closed), have a lovely, glossy catalogue mainly concerned with foods of all sorts: from rare and delicate teas to rich and fattening pâtés. However, they have a flourishing gifts department and some of its most postable items are shown in full colour at the back of the catalogue. Send 55p to cover cost and postage and packing.

THE ORMEAU BAKERY, 307 Ormeau Road, Belfast is a good source of traditional Christmas food like plum cakes, Irish fruit cakes, Christmas puddings and the like. They have a clear leaflet from which you can order easily and, having dealt with them personally for years, I know they are very reliable and post to all parts of the world. Please order by 10th December.

Irish charm



IRISH HANDMADE goods Just in time for this Christmas they have brought out a catalogue, very clearly illustrated, with price lists, sizes, colours and so on, so that readers from all over the country may now buy from The Irish Shop. The range of goods has changed little—there are the Aran sweaters (like this man's cardigan) (which is from Street, London, W1 has long been a favourite shop, full of just such desirable goods, but until now they have only been accessible either to personal shoppers or to those who knew exactly what to order and how much it cost.



Pretty things

GRAHAM AND GREEN at 2, Elgin Crescent, London, W11, sponge bag and matching slippers which fit into the bag, (and therefore quite sensibly called Over The Road), have produced a charming leaflet which illustrates just some of the marvellous things they have in the two shops. Unfortunately not everything on the leaflet is postable—either because it is unlikely it would arrive safely or because its weight in relation to its price would make the postage disproportionately high. Enclose a 7p stamp when asking for the leaflet.

Shown in the drawings above is a marvellous little candle-surround of plastic greenery, red berries and pinecones for just 10p (they'll post half a dozen for an extra 80p p and p).

Presents with presence

PARROTS, of 56, Fulham Road, London, SW3, is one of my favourite present shops and luckily for those who live out of London it has a very full, clearly illustrated catalogue. There are presents for the rich and square, the rich and trendy, but there are also masses of the small, amusing presents that are often so hard to track down. I particularly like their Pierrot dishes and ashtrays, their exquisite bedroom cushions covered in finest Swiss lawns and their dotty pottery.

The lazy or very busy will like to know that Parrots will make up stocking selections for you. There is a lovely felt stocking, monogrammed with the initial of your choice which costs £2.80. You can buy it on its own or have it filled with presents of your own choice—you pay for the presents, of course, but for extra charge of £5.50, each one can be gift wrapped and the whole filled stocking sent to anywhere in the UK (highest charge for Europe



Weighty matter

EVER SINCE my husband and I arrived at an airport on a homeward bound flight after a holiday and were presented with a £78 bill for overweight luggage, I've thought what a good present a pocket balance would be. The Salter pocket balance which is marked imperially up to 56 lbs and metrically up to 25 kgs is at £4.75, just one of the many useful present ideas in The Gardener's Catalogue, available from: The Country Garden, P.O. Box 54, Burton Latimer, Northants. Enclose a 7p stamp.

Tate tote



ART LOVERS might like to be given something to link them with one of our best art galleries—the Tate. For a small, but exceedingly useful present, there's a tough tote bag made from red duck with strong handles, a gusset and a stiffened base. Both sides are printed with names of artists represented in the Tate. The bag is £2.50 plus 50p p+p. Write to: The Friends of the Tate Gallery, Tate Gallery, Millbank, London, SW1. Or what about membership of Friends of the Tate? For only £8.00 per year this entitles members to all kinds of special privileges like free entry to all exhibitions, opportunities to attend lectures, private views to join in, visits abroad and so on.

or America). Alternatively they will fill the stocking for you if you just give them age, sex, interests and price bracket (£12.50, £18.00 or £25.00). They have a large selection of initialled items and this-hand-

Evergreens

BASICALLY ALL I was interested in was the prospect of tincl, pretty lights and mince pies. It was the others who started the argument, and all because of my new plastic Christmas tree. Five feet tall and £10.50 from the Hammersmith Co-op, it was the last one in the store of that size. "We've had a run on them," said the delightful Liverpudlian assistant as we struggled in early festive togetherness to dismantle the display model.

She was right, of course. The pre-season rush for artificial trees is, it seems, taking on remarkable proportions. At Paperchase, which has the best looking, mock-trees in the capital, they are eager to show off magnificent greenery large and small, but even there they shuffle a little when you inquire about the beaver sizes. "Er, not many of those left," they tend to mutter. The Paperchase trees have the sort of over-real quality which makes you expect

Bambi to come bouncing out from between the fronds at any moment. Nearby Heals boasts similar trees to the Co-op but also a veritable forest of alternative offerings in various shades of green, plus white, silver and gold. Across town at Liberty's they have gone in for the arty droopy frondy variety rather than the spiky Nordic type and for the moment, have good stocks. "But," confided my Liberty guide, "People seem to have gone mad. I wonder if they'll run out of money before Christmas?" With the Liberty 4 ft display tree so liberally covered in splendid sparkling goodies that a buyer of the lot, including tree, would not get much change from £50 according to my mental arithmetic, I see what she means.

But back to the argument. The point was that from one side it was stressed that no real person would buy a plastic tree and that the purchase of such a product constituted me to the social dustbin. From the other came the argument that the annual British pine cut in the cause of a basically pagan winter festival was barbaric. Real trees, like real furs, were out. It seems you cannot win. But do pines feel pain?

While you ponder that, I am off back to the Co-op in Hammersmith. My Liver bird may help me choose some mistletoe—artificial, of course.

Co-op shops have sold 1,500 trees in the last couple of weeks—so hurry. They range from 4 ft at £6.50 in 7 ft at £28. Heals have three different types of green tree: from a 2 ft Cypress, £2.49 to 7 ft Canadian pine at £36. There are tinsel trees in eight colours from £4.25 to £7.49. Paperchase, 216 Tottenham Court Road, has trees at 3 ft 4 in, 4 ft 3 in, 6 ft and 7 ft 10 in in various colours ranging in price from £9.35 to £38.65. Boots Department Stores have large supplies of trees, both green and tinsel. These range from 4 ft 3 in (£2.60) to a 6 ft pine at £16.50. Woolworths also have good stocks including a spruce 6 ft 8 in at £15.99. John Lewis branches have green trees of 4 ft 6 in (£9.50) or 7 ft 6 in (£21) or tinsel in two colourways up to 6 ft 6 in at £12.50.

BY ARTHUR SANDLES

Charity begins at home

IF YOU like to feel you're helping charity as well as giving presents to friends here is a list of charities that offer catalogues and a full mail order service. Many of them offer much the same sort of items as each other so I think the best approach is to choose your charity and then send off for their leaflet or catalogue.

British Epilepsy Association, New Wokingham Road, Wokingham, Berks. RG11 3AY. A tiny leaflet with a heavy emphasis on stationery. Last orders by December 8.

British Heart Foundation, colour brochure from Heart Cards, 57, Gloucester Place, London W1H 4DH (Tel: 01-935 0185). A good selection of cards, calendars and other stationery. Jigsaws, stocking-fillers for children and others. Apart from some basic kitchen gadgets, there are some attractive aprons, tea cosies, oven mits, etc. in white covered with red hearts. Last orders by December 8.

Help the Aged, PO Box 55, Burton-on-Trent, Staffs. DE14 3TQ. Full colour brochure strong on Christmas cards. Christmas decorations, kitchen gadgets and toys for small children. You may phone for a brochure or make inquiries from Pam Richmond, on 01-359 6316. Help the Aged will de-



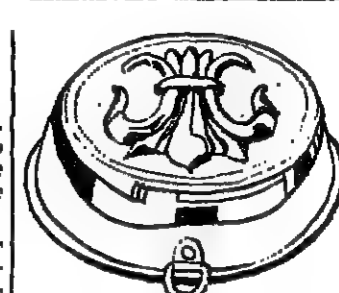
Leukaemia Research Fund, Medical Research Charities, York Road, Croydon Green, Rickmansworth, Herts. WD3 3TP. One of the better-presented catalogues, the selection of

snaps and decorative candles is very attractive. Good range of soft toys—especially a goner bird (£6.95) which walks and lies if you use the puppet control handle. There are other stockings fillers for young children as well as nicely decorated wooden spoons and stirrers but effective

cost hangers (95p for four). Phone for the catalogue to 01-405 0101 and orders will be sent out up to Christmas Eve—or even after.

Muscular Dystrophy Group, from Medquest Ltd., Dept. P.N., PO Box 2, Central Way, Feltham, Middlesex. (or phone 01-720 8055). Nice cards, kitchen knives, gadgets, and a cuddly toy mouse (£5.95). Allow 10-14 days for delivery. Oxfam Activities, Kidlington, Nr. Oxford (phone 08775 4821). Ponchos from Bolivia, jute carryalls from Bangladesh and a good selection of hanging baskets. Unusual Brazilian pestle and mortar (£1.15), and oak cutting board engraved with folk art of Haiti (£3.50). Good range of tea towels, rugs and mats, very pretty dolls at 85p. Allow 21 days for delivery.

Save the Children Fund, PO Box 40, Burton-on-Trent, Staffs DE1 4BR. Packed with desirable goodies, there is a large section for Christmas, including cards, calendars, decorations, sections for children is 5-ft luminous cardboard skeleton, £1.20), garden-ling leisure. Orders should be placed almost immediately as Save the Children requires about 28 days for delivery but will do their best to despatch by Christmas.



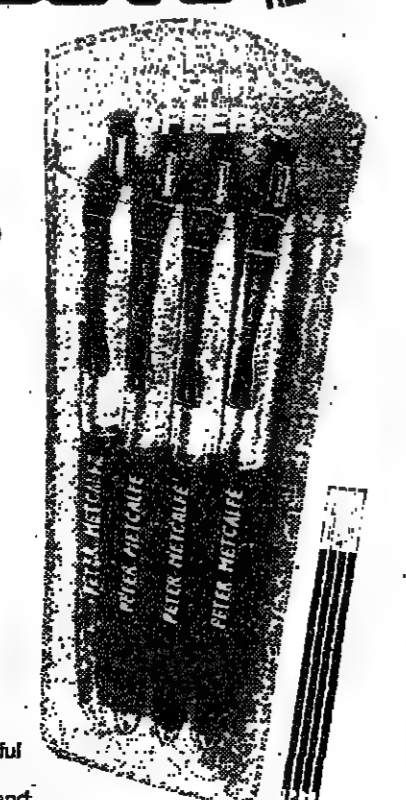
Copper bottomed

I FIRST wrote about the Copper Shop at 48, Neal Street, London, WC2, two years ago when it first opened. Out of London readers will be delighted to know that it now offers a full, clearly illustrated catalogue so that many of its delightful things can be ordered by post. Besides showing the full range of things that can be bought—from beautiful saucepans, through to plant troughs, bedside accoutrements, lamps and lanterns, kettles and measuring jugs, the booklet also tells the interested reader how to care for copper, what its virtues are and advises them of their repair and refinishing service. The leaflet costs 50p (including p+p) and the jelly-mould illustrated above is £2.50 (p+p 37p).

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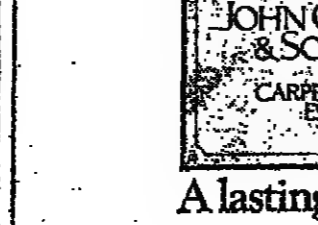
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CHRISTMAS BOOKS-1

Haggard's quest

BY C. P. SNOW

H. Rider Haggard by Peter Berresford Ellis. Routledge and Kegan Paul, £7.95. 291 pages.

Graham Greene is always strictly honest about his literary influences. He didn't spend his youth devoting himself entirely, or even mainly, to works now considered fashionable. He obtained magic out of distinctly less reputable works—books among them the novels of Rider Haggard.

In Greene's boyhood, Haggard was one of the most popular writers in the world. In this country, it wouldn't have been easy to find a literate youth who had not read *She* and *King Solomon's Mines*. Are the Haggard books still being taken out in school libraries? Contemporary taste has, of course, been going through another phase. Adventure stories in the exalted romantic manner were in vogue from about 1830 till the 1930s. R. L. Stevenson, who incidentally admired and encouraged Haggard, had shown how good such stories could be. They have been succeeded by a different and more brutish kind of violence. Though Haggard was as gentle as all that, it is probable that overt sexuality drives out other expressions of imaginative entertainment.

Haggard had the free-flowing imagination—and fancy—which may be essential to capture a large audience. Actually, his audience was not so large as it would be today. Mr. Ellis tells us that the first printing of one of his novels, when he was at the peak of his fame, was 15,000 or thereabouts.

Such a printing would seem to John Le Carré, or Herman Wouk, a joke in the worst possible taste. Haggard, who died in 1925, didn't make any thing like the money that a major popular writer would collect nowadays, with far less effort. On the other hand, a



One of Maurice Greiffenhagen's illustrations for 'Ayesha: The Return of She' first published in 1904 and now reprinted in a facsimile paperback edition (Dover/Constable, £2.00)

major popular writer nowadays would be most unlikely to be consulted by Prime Ministers and put on Royal Commissions. Haggard was an interesting man. He had a much more complex and varied nature than that of most of his aesthetic contemporaries. This biography, which is competent and has a good deal of information about the turn-of-the-century literary England, would have been improved if Mr. Ellis had been more reserved about his subject's personal life. Haggard was honourable, a devoted patriot, a liberal conservative, much less frugal than Kipling, who was his closest friend. He was the son of a Norfolk squire, had many of the paternalist prejudices and virtues, mixed with more flashes of the social imagination than were given to most Englishmen of his time. For instance, he really did care about South African old age.

Kids' stuff

BY RACHEL BILLINGTON

A Christmas Card by Paul Theroux. Pantheon/Hamilton, £1.75. 75 pages.

Far Lips by Arnold Wesker. Writers & Readers, £2.05. 33 pages.

Goldenrod by Jim Slater. Cape, £2.95. 118 pages.

Nature Day and Night by Richard Adams. Kestrel Books, £3.95. 103 pages.

I. Houdini by Lynn Reid Banks. Dent, £3.50. 125 pages.

Aradlan Ballads and The Autumn Book by James Reeves. Heinemann, £4.95 and £4.50.

The Root Children by Nanette Newman. Franklin Watts, £2.95. 28 pages.

What have Paul Theroux, Arnold Wesker, Jim Slater, Richard Adams, Lynn Reid Banks, James Reeves and Nanette Newman got in common? As well as being famous as financiers, playwrights, actresses, poets and award-winning novelists, they have all felt the urge to write a children's book in 1978. Whether the urge stems from desire to remake children in their image, to relive their childhood, write a sub-adult story or, hardest of all, actually communicate with children on their own terms, is sometimes debatable. At very least their combined efforts are varied enough to please every taste.

A Christmas Card by Paul Theroux and illustrated in evocative black and white drawings, is labelled dangerously 'the perfect gift for the child in all of us.' However this turns out to be true enough for the story of a family's Christmas

adventures in a snowy East coast of America is both exciting enough for children and old-fashioned enough for grown-ups. The lonely hotel which is not a hotel, the black forest, the old man who is really a picture and the picture which is not a picture may seem symbolic or otherwise according to age and taste. Most important for children, there is a nice secret boy called Morel with whom to identify.

Far Lips by Arnold Wesker is made desirable by the wonderful art-work of Latin American designer, Oscar Zarate. These include superb endpapers and cover. The story, about six days aboard an immigrant ship, is more likely to impress adults than children. The hero whose extreme ugliness, short fat, bald, bulbous nose and his lips, were thick blubbery and wet, is essentially good and as filled with magic as The Beast. Unfortunately he has no Beauty and no transformation. Only strange tales and a touch of 20th-century open-mindedness. The Sixth Day, Fatima says, 'Miguel's gone evaporated... All well, all things must pass.'

Jim Slater is on to a very different vein with *Goldenrod*. His anonymous hero is a little boy with golden hair who is born in India and is totally blind for the first five years of his life. By the time he is cured he has acquired extraordinary hearing, X-ray eyes, and soon afterwards, with the help of a fakir, supernatural strength. All this takes a bit of time to explain but then we are launched into an extremely exciting story of hijackers and planes. Definitely not for in-flight reading.

Nature Day and Night by Richard Adams with gloriously precise illustrations and serious science texts by Max Hooper is an excellent Godparent present. It cannot fail to interest any inquiring child from eight upwards and would be invaluable for the nature 'projects' with which schools like to test parents. Children who refuse to be moved by Richard Adams lyrical descriptions, 'Almost my earliest memory is of a meadow

in June... can confine themselves to labelling clouds. 'Cumulus, Stratus, Cirrus, Nimbostratus, Cirrus'—almost as lyrical in its own way. The method of naturalistic pictures, accompanied by Mr. Adams word picture and a detailed explanatory diagram are original and helpful.

Lynn Reid Banks needs little introduction as a children's writer. *I. Houdini: The Autobiography of a Self-educated Magician*, her latest story, is strictly a hamster's eye view with neither symbolism, fantasy or much of the great world to interrupt his adventures. Any pet-loving child will be delighted with such a know-all hero who prides himself on being the greatest ever escapologist. Surviving dogs, birds, cats, an alcoholic neighbour (human), burst pipes, hot pipes and lead poisoning, he even manages an exhilarating love scene with Oggel, a female hamster. His comment on seeing their progeny gives a good idea of his laconic, Bogart style. 'I felt very strange, looking at them. Overwhelmed... I sent Oggel a rather incoherent signal of praise. I am, if the truth be told, really better fitted for the physical than the emotional trials of life.'

James Reeves has (posthumously) two children's books out in the year. Both as good as any of his previous productions. *Aradlan Ballads* is a large scale book illustrated by the ever excellent Ardizzone. Although I have never had much success with interesting children in their own's poetry (they love their own's this is obviously a volume to keep hope alive. Reeves' other publication, *The Autumn Book* will certainly be stolen by adults. The mixture of prose and verse, old and new, obscure, well-known, sad, comic, all on the theme of autumn, makes an irresistible potpourri.

The Root Children by Nanette Newman, is an unpretentious poem translated from the original Swedish but retaining the illustrations of its creator, Sybille von Olfers.

Horse and man

BY KATE MORRISON

The Horseman's Companion edited by Dorian Williams. Eyre Methuen, £9.95. 566 pages.

All the Queen's Horses by Bill Curling. Chatto and Windus, £9.95. 146 pages.

The Badminton Tradition by Barry Campbell. Michael Joseph, £7.75. 238 pages.

'Go anywhere in England, where there are natural, wholesome, contented, and really alive English people, and what do you always find? That the stables are the real centre of the household. Shaw's gentle dig at a national weakness did not fall upon stony ground among his audience then, and now, I dare say, would a copy or two of *The Horseman's Companion* now. The material is so diverse, that even those who regard these animals with distrust will find something that appeals.

Among the extracts we learn that the combination of man and horse originated among the nomads of the Steppes of Asia and in the 16th century Spanish explorers took horses over to America which subsequently benefited the American Indians. The Comanche, when mounted, 'gracefully flies away like a different being.' Surtees, Sassoon, and Souverville and Ross are among the contributors in the section 'Horse and Hound' together with Anthony Trollope who applauds the good sense of the 'Man Who Hunts and Never Jumps.'

All *The Queen's Horses* concentrates solely on racing. What might perhaps have been a technical account of the breeding, racing and training facts of the horses ridden under Her Majesty's colours has, in fact, been enlivened into an exciting story. Bill Curling has used a great deal of first-hand information and it is the trainers, jockeys and those involved in looking after the horses who tell of a particular race and the idiosyncrasy of a particular horse. The photographs are an important feature of this book, both in colour and black and white. The Queen has allowed certain reproductions of her paintings for the first time.

The word 'Badminton' will mean different things to different people. To some it is the game invented in the entrance hall during a wet afternoon, about 150 years ago to others it is the sports book in their thousands, undaunted by the usual bad weather and mud, to watch intrepid displays by horse and rider. All Badminton's associations are covered by Barry Campbell in *The Badminton Tradition*, but the illustrations (none in colour) are disappointing in view of such promising material.

Game pies

BY ANTHONY CURTIS

Lewis Carroll admirers—and who isn't?—are well looked after this Christmas. Methuen have reprinted a one-volume edition of Alice's Adventures in Wonderland and Through the Looking Glass (£3.50, 221 pages) with Mervyn Peake's illustrations as featured in their Victorian Christmas Book by Antony and Peter Miall (Dent, £5.95, 182 pages) which reconstructs in 27.50, 333 pages) there are four well as some by Heath Robinson, Arthur Rackham, Harry Furness and others. This handsome volume also contains some of his photographs of little girls and a selection of lesser known items such as his parody of Hiawatha.

In Songs from Alice (A. and C. Black, £2.95, 45 pages) colour plates by Charles Folkard, originally published in 1921, recently re-discovered, adorn the words and music newly composed by Don Harper. The Australian jazz violinist, Alice Through the Pillar-box and What She Found There (Whizzard Press/And Deutsch, £4.50, 38 pages) is a palimpsest phantasy by Gerald M. King. It is got up to look like a stamp album, and some of the issues, drawn with minimalist delicacy, are so fine they should be adopted forthwith by the BPO. Try to look at this book even if you don't buy it.

Carroll loved board games; he would feel, have been enchanted as I was by *Play the Game* compiled by Brian Love (Michael Joseph/Ebury Press, £7.50, 96 pages) which contains more than 40 games with reproductions of the original boards in the actual size or near to it, also the pieces to cut out. The games are a mine of social history from Golden Goose (1848) to Aerial Attack (1942) and include The Human Life, Jeu de la Révolution Française, Roparen Castle, Sunzel, Trezcho; most are playable if you can keep the pieces straight. The Super-Colossal Book of Puzzles Tricks and Games by Sheila Anne Barry (Ward Lock, £7.95, 640 pages) hails from America and is a vast compendium of every diversion from the testing your brioche to how to get started in ventriloquism, rules, stories and ideas for charades, murder, quizzes, relays, fortune-telling, icebreakers and optical illusions. Dominoes by Dominic C. Armano (Ward Lock, £3.50, 128 pages) rehabilitates a much underrated game. The book gives all the jargon, rules, stories and variants including Matador where you make seven rather than match the pips.

But games go mysteriously out of fashion. Who now plays Snap-dragon? It involved picking by Collette in Paris and some-

curants out of a bowl of burning spirit and popping them into the mouth. The Victorians played it before the magic lantern show on Christmas day evening. It is one of many a generous helping of photographs.

We live in the era of the 'photo' other age have had their visual shorthand too, and these are identified in F. C. Coopers' *An Illustrated Encyclopedia of Traditional Symbols* (Chambers and Hudson, £7.50, 210 illustrations). Entries are succinct, erudite and cover many cultures. Gold is a symbol, much in our minds today, not least at the El Dorado exhibition which has inspired several books, one published to be recommended in John Hemmings' *The Search for El Dorado* (Michael Joseph, £3.50, 222 pages), a probing account of the conquistadores and the fatefully elusive legend. Christmas, it is not complete without a good ghost story. As a change from M. R. and Henry James try those of another maestro, much less well-known, in *The Best Ghost Stories of H. Russell Wakefield* (John Murray, £4.95, 232 pages). Younger readers who have not yet made the acquaintance of Ronald Dahl's Charlie Bucket can now read about his exploits in both the chocolate factory and the great glass elevator in one volume. *The Complete Adventures of Charlie and Mr. Willy Wonka* (Allen and Unwin, £3.95, 230 pages) with Faith Jacques drawings and nice bit print. For older ones William Shakespeare, *The Complete Works*, edited by Peter Alexander, from the text to be used by BBC TV, must surely be £2.50 (Collins, 1,376 pages), be a bargain.

So much nostalgia may be appropriate. One can clear the air with Ripping Yarns by Terry Jones and Michael Palin (Eyre Methuen, £4.95, 188 pages) in which the adventure tradition is seen off the premises by members of Monty Python and Dr. Bert the pieces to cut out. The games are a mine of social history from Golden Goose (1848) to Aerial Attack (1942) and include The Human Life, Jeu de la Révolution Française, Roparen Castle, Sunzel, Trezcho; most are playable if you can keep the pieces straight. The Super-Colossal Book of Puzzles Tricks and Games by Sheila Anne Barry (Ward Lock, £7.95, 640 pages) hails from America and is a vast compendium of every diversion from the testing your brioche to how to get started in ventriloquism, rules, stories and ideas for charades, murder, quizzes, relays, fortune-telling, icebreakers and optical illusions. Dominoes by Dominic C. Armano (Ward Lock, £3.50, 128 pages) rehabilitates a much underrated game. The book gives all the jargon, rules, stories and variants including Matador where you make seven rather than match the pips.

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CHRISTMAS BOOKS—2

Pass the port

BY EDMUND PENNING-ROWSELL

Port by George Robertson. Faber, £5.50, 188 pages.

Croft: A Journey of Confidence by Oliver Knox. Collins, £4.50, 140 pages.

The Englishman's Wine by Sarah Bradford. New edition. Charles's Wine Publications, £2.75, 160 pages.

Port: An Introduction to Its History and Delights by Wyndham Fletcher. Sotheby Parke Bernet, £6.95, 124 pages.

The Complete Book of Spirits and Liqueurs by Cyril Ray. Cassell, £5.95, 139 pages.

Drinking in Vogue by Henry McNulty. André Deutsch, £4.95, 181 pages.

The Wines of the Rhône by John Livingstone-Learmonth and Melvyn Master. Faber, £9.50, 236 pages.

Although 1978 is unlikely to be declared a vintage year in Oporto, it is certainly one for books on port. For four have appeared this year, three of them new, one a new edition.

The author of the first was born in Portugal, joined the house of Croft in 1935, and, unlike some writers on port, has spent much of his working life concerned with the production side. Consequently he has been able to write a highly professional account both of the wine and of the trade in Portugal.

After a rather sketchy historical section he continues with a detailed description of the arduous viticulture and wine-

making in the remote, often sizzling hot or fiercely cold, upper Douro valley. This he calls "the most difficult and expensive vineyard land in the world" (though Moselle growers might dispute that). What is extraordinary about port is that, made from an unusually wide range of grape-varieties, a very ordinary table wine is turned into one of the most disputably fine wines of the world. This is partly owing to the official control of production, bottling and marketing, here set out in detail; so that George Robertson's book will be as valuable to those engaged in the business as for those content to consume the finished product in its several forms.

A pendant to this is Oliver Knox's commemorative volume on the tercentenary of George Robertson's firm, Croft; and the book consists largely of a series of dialogues between the author and the company chairman. Though an unabashed work of publicity for Croft ports—surely admissible for a firm that has survived through three centuries and several wars—describes much more informally than the previous book how port is made up the Douro, matured and blended in the Vila Nova de Gaia suburb of Oporto, and thence distributed—now all in bottles. Agreeable reading as far as it goes, one wishes it had gone more deeply into the past of so distinguished a port house. Oddly enough there is no mention of the fact that for a great part of the last century the firm and its port was always known as Thompson and Croft.

The other two books I can only

mention. Sarah Bradford's *The Englishman's Wine*, originally published in 1969, has been updated and reissued by Christie's, while their rival, Sotheby's, has countered with Wyndham Fletcher's *Port: An Introduction to its History and Delights*. As I was asked to write an introduction I think I must confess my comment to saying that it is largely the moment of the dawn of the port trade in London, the former head of Cocksburn.

The title of Cyril Ray's latest book is challenging, but if he has omitted any spirit-based drinks these are certainly unknown to me, as indeed are the great majority here described clearly and concisely with an occasional touch of the author's dry wit. Whisky, brandy, vodka, liqueurs, eaux-de-vie—all are included in sequence, and if I might guess at the author's preference they may well be cognac and the delicious and here relatively little known unsweetened fruit brandies, the *alcools blancs*. One may wonder not only at the amount of encyclopaedic information collected but at the prodigious sampling entailed. It must have been at the end of one such session that the meticulously accurate author wrote that the Rhône has its source in Lake Constance. The text is enlivened by attractive production, with well chosen, excellently reproduced illustrations of bottles, labels, glasses, along with maps and charts; in short an elegant slim volume. Certainly an essential work for all seriously interested in Rhône wines.

generally weighing down this nominally fragile piece of furniture.

Drinking in Vogue covers some of the same ground as Cyril Ray's book, as much of it is devoted to cocktails and mixed drinks and is more recipe-angled. Taken from the magazine, the author's sophisticated generalisations that glide easily over its pages look less convincing on the more durable pages of a book, especially when they deal with wine, about which there are many mis-statements. Ch. Médoc, Côte-Rôtie does not produce Hermitage, let alone Châteauneuf-du-Pape, claret should not be served at 46°F., well below the accepted cellar temperature, and port contains more than "a touch of grape brandy": in fact 25 per cent.

The increasingly high price of Cote d'Or burgundy has recently turned more attention to the Rhône, where good value may still be found; though there are rising fast enough there too. For these a sound guide has been needed, and *The Wines of the Rhône* by two professional merchants, who lived there for some time, fills a gap on the wine bookshelf. Their on-the-spot experience has enabled them to sort out the varied wines that stretch all the way from south of Vienna to Avignon, to explain how each is made and to recommend the best estates and most reputable merchants; and they are not afraid to make critical assessments of both. Certainly an essential work for all seriously interested in Rhône wines.



The garden of a retired politician in sixteenth century China, one of the paintings reproduced in Maggie Keswick's "The Chinese Garden" (Academy Editions, £15.00), a beautifully illustrated volume which traces both the history of the gardens and their subtle symbolism.

Flying high

BY MICHAEL DONNE

Aviation—An Illustrated History, by Christopher Chant. Orbis, £7.95, 320 pages.

The U.S. War Machine, by Dr. James E. Dornen Jr. and others. Salamander, £5.95, 271 pages.

Soviet Air Power, by Bill Sweetman and Bill Gunston. Salamander, £5.95, 192 pages.

Airships For The Future, by William J. White. Stirling Publishing, New York. Oak Tree Press/Ward Lock, £4.95, 160 pages.

British Naval Aircraft Since 1912, by Owen Thetford. Putnam, £5.50, 480 pages.

German Aircraft of the Second World War, by J. R. Smith and Antony Ray. Putnam, £12.50, 745 pages.

For Valour: The Air VC's, by Chaz Bowyer. William Kimber, £15.00, 548 pages.

A Time To Fly, by Sir Alan Cobham. Shephard-Walwyn, £5.50, 214 pages.

Raiders: The Halifax and its Flyers, Geoffrey Jones. William Kimber, £5.50, 240 pages.

During the last 75 years, since the Wright Brothers made their first powered, sustained flight in a heavier-than-air machine, the romance, even the glamour, of aviation has attracted many authors and publishers, for such has been the speed of development in aeronautics that texts and treatises have been often outmoded almost as soon as they have been written, while every new generation wants to learn again of the exploits of the pioneers.

The last few months in particular have been rich in aviation publishing, with histories, biographies and reference works of all kinds pouring out—and almost invariably they have been of an exceptionally high standard of technical excellence, both in their content and in their production.

This is especially so of Christopher Chant's *Aviation—An Illustrated History*—320 pages of absorbing detail from the days of the earliest pioneers like the Yorkshire baronet Sir George Cayley in the late eighteenth century, through the Wright brothers and on to the very latest developments, such as the American "Space Shuttle". Mr. Chant writes well, and his easily assimilable text is accompanied by a profusion of beautiful photographs which make his book for Valour a tour-de-force in aeronautical publishing.

Similar praise must go to Salamander Books for their two tomes on the U.S. War Machine and Soviet Air Power, both of which are almost indispensable additions to the aviation enthusiast's bookshelf. The drawings, photographs and technical details in both volumes are astonishing in their depth and variety, and I have already found them invaluable as reference works in my own daily journalistic work.

Airships For The Future by William White is a less ambitious but nonetheless useful analysis of the history of the airship as opposed to the aeroplane, drawing attention to the possibilities of a major revival of this type of aircraft at a time of increasing fuel costs and possible long-term petroleum fuel shortages. We may yet see the helium-filled airships dominating our skies.

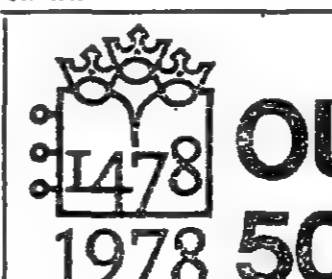
Also for the reference bookshelf, Putnam is continuing its long-running and highly successful series of detailed studies of aircraft of various periods, with two new volumes, *British Naval Aircraft since 1912* and *German Aircraft of the Second World War*, both once again packed with research of the highest quality and accompanied with photographs that in themselves must now be historical items of considerable value.

For the aviation reader in a more relaxed mood, there have been several general works of considerable interest. *For Valour: The Air VC's* is to be commended to those who are stirred by tales of gallantry in the air. Since its inception in 1886, the Victoria Cross has been awarded on 1,350 occasions, but only 51 of those recipients have been airmen, and in this book Chaz Bowyer tells the stories of them all. This not so much a book to pick up and finish in a sitting, it is too long for that, but one to dip into whenever one wants to read again of some young man or woman whose courage was rewarded, sometimes posthumously, by the most coveted military decoration of all.

But for inspiration of another kind, the autobiography of Sir

Alan Cobham, *A Time To Fly*, is probably a more stimulating tale. For many of the middle-aged of today, their boyhoods between the two world wars were filled with the sparkling tales of this pioneer aviator, whose flying circuses after the First World War made him famous and led eventually to his astonishing feats of long-distance flying, opening up what were eventually to become the civil air routes of the Commonwealth. That someone who initially began his working life as an apprentice in the laboratory trade, tried farming, and then joined the army as a veterinary assistant, and then transferred to the Royal Flying Corps, should eventually become a knight, a long-distance flier and a pioneer of the method of in-flight refuelling that is used by several of our forces today, is indeed a most remarkable story, told by the late Sir Alan with candour, humour and gusto.

Finally, *Raiders: The Halifax and its Flyers*, is not so much a history, but the story is of an aircraft type, from its inception immediately prior to the Second World War, through its design, development and production, and its subsequent long and varied career in operational service.



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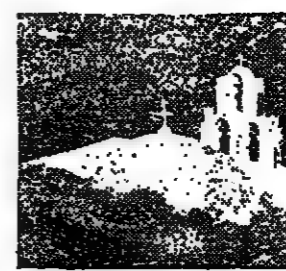
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A selection of Christmas titles

Faber Books



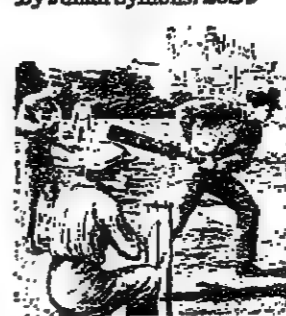
The Greek Islands By Lawrence Durrell. Second printing now available. Illustrated, £8.50.

Livia or Buried Alive A novel by Lawrence Durrell. £4.95.

Day by Day Poems by Robert Lowell. £3.95.

Cave Birds Poems by Ted Hughes. Drawings by Leonard Baskin. £5.95.

The Tell-Tale Heart The life and works of Edgar Allan Poe. By Julian Symonds. £6.95.



The Faber Popular Reciter Edited by Kingsley Amis. Hard covers £6.95; Faber Paperbacks £2.95.

Night and Day Tom Stoppard's play, now running at the Phoenix Theatre. £3.95. Faber Paperbacks £1.95.

Getting Through Stories by John McGahern. £4.25.

Light on a Honeycomb A novel by David Pownall. £4.95.

Farewell the Trumpets An Imperial Reunion. By James Morris. Illustrated. £9.50. Also available: *Pax Britannica* £5.25 and *Heaven's Command* £4.95.

Stanley Spencer at War By Richard Carline. Illustrated. £9.50.

Little Eden A Child at War. By Eva Figgis. £4.50.

Hitch The Life and Work of Alfred Hitchcock. By John Russell Taylor. Illustrated. £6.50.



Benjamin Britten 1913-1976 Pictures from a Life. By Donald Mitchell and John Evans. 440 illustrations, mostly photographs. £15.

The Art of Bernard Leach Edited by Carol Hogben. Illustrated. £20. Also available: *Beyond East and West* by Bernard Leach. £8.95.

English Engraved Silver 1150-1900 By Charles Oman. Illustrated. £15.

Magnolias By Neil G. Treseder. Illustrated. £30.

The Self-Sufficient Gardener By John Seymour. Illustrated. £6.95.

The Finer Arts of Bridge By Victor Mollo. £5.50.

Muslim palaces

BY ROBIN LANE FOX

The Architecture of the Islamic World: Its History and Social Meaning, edited by George Michell. Thames and Hudson. £16.00, 288 pages.

Is there, honestly, an Islamic architecture? Muslim rulers have put up some glorious buildings, many of which are well photographed in this valuable book. Some, not all, survive the tilting. Better, far, those patterns, plain brick which were paid for by the Seljuks or that happy marriage of luxury and simplicity in the red sandstone and white marble which appealed to those great aesthetes, the early Mogul emperors. Humayun's tomb in Delhi, the rival domes of Isfahan's Friday Mosque: these are miracles as thrilling as any Pazzi Chapel or Santa Sofia.

Indeed, Islamic teaching led to mosques and minarets as a practical need. Schools soon followed. But when Professor Grube introduces these essays as a first step in correlating the physical of Islamic architecture with the "spirit" of Islam in any given region and period, he is not just anticipating "many years of research." He is chasing

a shadow, as if buildings as various as the ducal palace in Mantua, the Villa Aldobrandini, Florence's San Marco convent and the Medici chapel were somehow to be "understood" as "Christian" architecture.

For Islam, at heart, was a pagan religion, and that heart remained very strong. It was opposed to displays of human power, the worship of saints and social discrimination. Yet the best buildings in this or any other book are forts, royal mosques, saints' tombs and palace-states. "Architecture in Muslim countries" would perhaps be a fairer title. The "distinctive Islamic" features singled out here, blank exteriors, tiling, inward-looking plans, are at least as old as Nebuchadnezzar in lands which brought their own traditions to the dar-ul-Islam. One approach to it, then, is through the listing of the "traditional" and the "original" elements. These crop up here quite often, though more, I feel, Grube introduces these essays as a first step in correlating the physical of Islamic architecture with the "spirit" of Islam in any given region and period, he is not just anticipating "many years of research." He is chasing

anything. The best parts of these

brief essays look to something far more promising. They discuss architecture in its social setting, style and decoration attesting the culture and education of the master architects and essential court patrons. Professor Grabar is now the uncrowned king of short concept essays in collective volumes on Islamic art. Singling out the expression of power, he suggestively asks exactly why rulers built so vastly in pre-industrial society. James Dickie, after a cloudy start, takes up clearly about the features of mosques, schools and courts. Guy Petherbridge does his best to reverse the disasters of the bulldozer and asks important questions about the neglected vernacular style in Islamic lands. There is far more here than we grasp at the moment. Like Santa Sofia, the domes, say, of Isfahan's Friday mosque are only to be understood against a court-world which delighted in verbal conceits and spontaneous paradoxes, optics, algebra and a brilliant grasp of words. Mathematics made visible: this is book: we now have the original plans of a 16th century master

architect in the Uzbek region from which to work. The facts he gathers tell against the absurd "mystical" interpretations forced on art in Islam by European dilettantes. They also suggest what needs to be done.

Far the richest art-book on this is a still Gervase Mathew's *Decorative Architecture*, first published by John Murray in 1963. To read it is not only to see the art of Islam's neighbours through the contemporary education, colour-tastes and aesthetic ideals of the court and civil-service which patronised it. It is also to enter the best book, paradoxically, on much of the art in adjacent Muslim lands. For, the Byzantine's aesthetic was so nearly shared by the Muslim patron: education, in many cases, was almost identical. The Muslim patron, too, belonged to the "highly-knit club" of a polished civil service. As in Byzantium, this milieu must have over-ruled and influenced the court's displays of power through patronage.

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Green signals

BY NICHOLAS OWEN

The Fastest Trains in the World by G. Freeman Allen. Ian Allan, £6.95, 140 pages.

Railways of Asia and the Far East by O. S. Nock. A. & C. Black, £8.50, 226 pages.

Steam for Pleasure by P. B. Whitehouse, J. B. Snell & J. B. Hollingsworth. Routledge & Kegan Paul, £7.95, 236 pages.

A brief report from Japan recently declared that one of the country's famed Bullet Trains had "beaten its own record" and reached 215 mph. its own record. That was a world rail speed record, and, if really true, represents an amazing leap forward in railway development. The early steam engines, terrified a horse-drawn population by achieving 30 mph; then speed crept up until 100 mph was breached early this century; rival railway companies in Britain and the U.S. went racing in a determined way in the 1930s; and in the last few years, all sorts of records have been broken.

For the railways have had to learn lessons from the air to keep passengers. G. Freeman Allen's *Fastest Trains* is a beautifully illustrated and well-documented account of the chase for speed, rightly according Britain high honours for its High Speed Trains which bolt towards Bristol and Edinburgh at up to 125 mph. There is a gripping account of how in 1955 on a specially protected stretch of line in south-west France, an electric locomotive and a handful of carriages manured 265.7 mph in a couple of occasions, despite the alarming chunks of hot metal spewing

from a heeling overhead current collector. Her demented husband sets out to kill the driver.

These are the bare bones of Douglas Rutherford's latest book. They are clothed with plenty of good straining motor-racing precious little else. The characters are little more than cardboard cut-outs.

It is the sort of book to be read purely for relaxation with the brain firmly engaged in neutral. Rutherford has been described as the Dick Francis of motor-

Monaco madness BY BRIAN AGER

Colliston Course by Douglas Rutherford. Macmillan, £5.95, 206 pages.

A woman is killed by a crashing racing car. Her demented husband sets out to kill the driver.

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ART AT AUCTION

The year at Sotheby Parke Bernet 1977-78



Edited by Diana de Froment and Lynn Lewis

The 1977-78 season at Sotheby Parke Bernet has been unusually varied and interesting, crowned by the sale in London of the most valuable private collection of paintings, drawings, furniture and works of art ever to come up for auction; that of Baron Robert von Habsburg. *Art at Auction* provides a rich source of information on the wide range of material which has passed through Sotheby's salerooms world-wide. All the most important and beautiful objects are illustrated, over 400 in colour, and each caption includes the price and place of sale as well as details of the work itself.

In addition, specialists from Europe and America discuss the major items and trends in collecting. 496 pages, about 470 colour and 200 monochrome illustrations, 267mm x 203mm, cloth, £14.50 (plus 5% before 1st January 1979) plus £1 p & p.

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COMPANY NEWS

Robertson Foods sees shortfall for year

LOWER PROFITS for the first half are reported by Robertson Foods and the directors say it is clear that profit for the year to March 31, 1979, will not reach the previous year's record of £2.5m.

Turnover in the first half was £27.42m against £28.3m in the same period last year.

Earnings per share are shown at 6.52p against 7.15p. The interim dividend is maintained at 1.575p—last year's total was 3.225p.

The half-year profit is after interest of £269,000 (1977-78) but before interest of £110,000 compared with £122,000 in the same period last year.

No corporation tax has been charged on UK profits as the Board is of the opinion that the existing amount set aside for deferred tax is adequate to meet any liabilities that may arise in the foreseeable future.

The company's interest charges have increased substantially due to the higher anticipated stock levels and cost of dried fruit.

In the interim statement, James Robertson and Sons, fruits are bought on a seasonal basis, and can sales of preserves falling below forecasts express stocks have to be maintained through the year.

The directors taken earlier this year to drastically cut back on the UK seasonal canned goods programme for 1978 has proved to be correct, with the mid-year saving a plentiful supply of fresh fruit and vegetables.

The UK stock price which started last year with little sign of abating and the group along with other food manufacturers, have faced a very difficult trading period, the directors say.

Group sales in the UK with the exception of breakfast cereals and fruit juices have fallen or been static.

The half-year profit before interest charges is satisfactory in view of the problems being experienced.

'Absolutely disastrous' half for FPA Construction

FPA Construction Group yesterday revealed a surprise £1m turnaround into loss. For the six months ended June 30 the group showed a deficit of £249,000 compared with a profit of £197,000 for the same period last year.

The shares fell 5p to 120p.

Mr. Douglas, chairman, who has just taken over the chairmanship of FPA from Mr. Bryan Ward, described yesterday's results as "absolutely disastrous".

No interim dividend has been declared and payment is unlikely for the rest of the current year and the next.

As part of a drastic reorganisation programme a loss-making building and contracting subsidiary, FPA Fencing, has been sold to Clugston Holdings Ltd (£120,000 in excess of the net asset value, to prevent a further strain on the group's liquidity).

Under the terms of the contract with Clugston, Mr. Bryan Ward, the former chairman of FPA, is to remain with Fencing. Mr. Douglas says in the interim report that "Mr. Ward has agreed to do this as being in the best interests of FPA and will leave your group to take up his new position upon approval of the contract by shareholders."

In paying tribute to Mr. Ward, who has been with the group for over 30 years, Mr. Douglas said in his statement: "He has made a notable contribution to the profits of Fencing and his Board colleagues at FPA concur with his move."

Although the bulk of the losses have been incurred in Fencing, the group's property development subsidiaries, the losses on properties have been covered almost entirely as a result of recent decisions on urgent disposals to repay the inter-company loans from Fencing prior to the sale of that company.

In order to settle inter-company indebtedness which exceeds £1m, the sale to Clugston will mean that the group will have to take up fully its £1m loan.

The group's housebuilding subsidiary, FPA Staveley, has not performed well either, says Mr.

Oliphant. "It is capable of making a profit and urgent attention will be given to this problem." The construction subsidiary had produced satisfactory results in the period ended June 30, but a dividend on the continuing position of the group including a mortgage advance sheet together with a notice convening a meeting to shareholders, as soon as possible, Mr. Oliphant said yesterday that he hoped that the statement would be sent well within four weeks.

The report in Thursday's issue gave the chairman as Mr. Peter Brindley.

The most trading operations are currently trading satisfactorily and he hopes to have more encouraging news when he next reports to shareholders.

A final dividend of 0.1p net per 10p share is announced for 15 months—last year's total was 4.5p with a final of 2.85p.

Pre-tax loss included share of £114,000 in a pre-tax profit of £232,000 is reported by the directors of Armour Trust for the year ended April 30, 1978, on turnover ahead from £5.8m to £7m. The last time this was incurred after exceptional charges of £221,000.

They state that the future is one of curious optimism and a steady increase in profitability: to conserve cash resources no dividend is recommended for the period (same) — the last payment was 0.2p net for 1977-78.

The year's result followed losses of £2.1m for the previous four years. And the directors say the consolidated accounts are no longer subject to a going concern qualification.

Carter Penzance group again increased its profits to a record level and the directors reported a small profit and a continuing improvement is expected here.

Realisation of the remaining property interests has continued and the activities are now incidental to the group's future development. Group reserves, the directors add, have increased for the first time for five years.

The results show a 2.1p net per 10p share of 2.1p compared with a loss of 1.5p previously. The pre-tax figure was struck after a charging a provision against interest receivable, the comparative being adjusted, was subject to a tax charge of £1,000 (£2,000 credit).

After minorities, £4,000 (same), the attributable dividend came on £178,000 (£178,000 loss) and there was an extraordinary credit for the year of £50,000 against a £17,000 debit last time.

The chairman of Galliford Brindley is Mr. Peter Galliford. Because of a typographical error.

the Bank of Scotland were considered poor by the market, rising interest rates should enable the National and Commercial Banking Group, which takes in the Royal Bank of Scotland and Williams and Glyn's more or less to maintain last year's performance.

Analysts expect full year profits, which taken in the Royal Bank of Scotland, compared with £62m pre-tax, compared with £64m last year. Hints of a bad debt write-back might make this figure a little conservative although weaker margins on deposit accounts together with a loan demand from the company sector should even it out.

Interim profits from the 600 Group, due on Thursday, are expected to be £15m (£15.4m). Most of this is likely to come from a recovery in the Iron and Steel division which will benefit

from two scrap price increases this year and better profits from steel stockholding. Margins here have apparently improved since the industry's agreement to accept BSC's list prices. Home and overseas demand for machine tools has also been excellent though there are fears that the order position may not be so buoyant by the end of the year. The mobile crane side is also facing more competition though reasonable growth is still expected in the last half. For the full year estimates are currently around £130m-£140m (£112m).

Other results to note are interim profits from Airfix Industries, BPE Industries, R. Elliott and Co., Johnson, Mother and Co. and Scottish and Universal Investments (SUITS) and preliminary profits from Swan Hunter Group.

Interim figures only

Company	Announcement	Dividend (p)	Last year	This year
Armour Trust	Thursday	0.1	4.5	2.85
Carter Penzance	Thursday	0.2	0.2	0.2
Galliford Brindley	Thursday	0.1	0.1	0.1
Irish Oil & Cake	Thursday	0.1	0.1	0.1
Robertson Foods	Thursday	1.575	3.225	1.575
Swan Hunter Group	Thursday	0.1	0.1	0.1
Williams and Glyn's	Thursday	0.1	0.1	0.1

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Interim profits from the 600 Group, due on Thursday, are expected to be £15m (£15.4m). Most of this is likely to come from a recovery in the Iron and Steel division which will benefit

from two scrap price increases this year and better profits from steel stockholding. Margins here have apparently improved since the industry's agreement to accept BSC's list prices. Home and overseas demand for machine tools has also been excellent though there are fears that the order position may not be so buoyant by the end of the year. The mobile crane side is also facing more competition though reasonable growth is still expected in the last half. For the full year estimates are currently around £130m-£140m (£112m).

Other results to note are interim profits from Airfix Industries, BPE Industries, R. Elliott and Co., Johnson, Mother and Co. and Scottish and Universal Investments (SUITS) and preliminary profits from Swan Hunter Group.

Interim figures only

Company	Announcement	Dividend (p)	Last year	This year
Armour Trust	Thursday	0.1	4.5	2.85
Carter Penzance	Thursday	0.2	0.2	0.2
Galliford Brindley	Thursday	0.1	0.1	0.1
Irish Oil & Cake	Thursday	0.1	0.1	0.1
Robertson Foods	Thursday	1.575	3.225	1.575
Swan Hunter Group	Thursday	0.1	0.1	0.1
Williams and Glyn's	Thursday	0.1	0.1	0.1

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WGI doubles profits at midway: £1.4m acquisition

PROFITS, before tax, of WGI nearly doubled from £596,750 to £972,853 in the half year ended September 30, 1978, from sharply increased turnover of £18.68m against £12.97m.

The directors also announce the acquisition of Yorkshire-based Dowsett Piling and Foundations from the Bison Group for a purchase consideration of £1.35m.

The purchase has been funded by the payment of £341,000 cash and the issue to the vendor of 700,000 ordinary 25p shares which have been placed on behalf of the vendor with financial institutions.

Dowsett is engaged in piling and foundation engineering and in the making and sale of piling equipment. Its systems are complementary to those of WGI's civil engineering division.

The directors of WGI are declaring an interim dividend of 2.5p net against 2p and because of the share placing the Treasury has consented to an increase in the annual rate of dividend from last year's 3.8p to 7p.

Mr. D. R. Brooks, the chairman, says he is confident that progress should continue. He believes the profitability of the piling division will be increased substantially from its future association with West's Piling.

"We confidently expect that the expansion of the company's operations in this field will produce significant advantages for the group," he says.

Profit, before tax, of Dowsett for the years ended March 31, 1978, was £1.35m.

ON TURNOVER of £102,550, for the 15 months to June 30, 1978, against £65,18m for the previous year, J. Sanger incurred losses of £157,000, compared with profits of £11,000.

In the nine months since group loss was £532,000 against six months' profit of £666,000.

Mr. J. E. Sanger, chairman, says in view of the results he must make a considerable cut in the future. He adds, however, that results for the current year will be helped by the reduction of the retail interests and by the reorganisation in America.

The most trading operations are currently trading satisfactorily and he hopes to have more encouraging news when he next reports to shareholders.

A final dividend of 0.1p net per 10p share is announced for 15 months—last year's total was 4.5p with a final of 2.85p.

Pre-tax loss included share of £114,000 in a pre-tax profit of £232,000 is reported by the directors of Armour Trust for the year ended April 30, 1978, on turnover ahead from £5.8m to £7m. The last time this was incurred after exceptional charges of £221,000.

They state that the future is one of curious optimism and a steady increase in profitability: to conserve cash resources no dividend is recommended for the period (same) — the last payment was 0.2p net for 1977-78.

The year's result followed losses of £2.1m for the previous four years. And the directors say the consolidated accounts are no longer subject to a going concern qualification.

Carter Penzance group again increased its profits to a record level and the directors reported a small profit and a continuing improvement is expected here.

Realisation of the remaining property interests has continued and the activities are now incidental to the group's future development. Group reserves, the directors add, have increased for the first time for five years.

The results show a 2.1p net per 10p share of 2.1p compared with a loss of 1.5p previously. The pre-tax figure was struck after a charging a provision against interest receivable, the comparative being adjusted, was subject to a tax charge of £1,000 (£2,000 credit).

After minorities, £4,000 (same), the attributable dividend came on £178,000 (£178,000 loss) and there was an extraordinary credit for the year of £50,000 against a £17,000 debit last time.

The chairman of Galliford Brindley is Mr. Peter Galliford. Because of a typographical error.

the Bank of Scotland were considered poor by the market, rising interest rates should enable the National and Commercial Banking Group, which takes in the Royal Bank of Scotland and Williams and Glyn's more or less to maintain last year's performance.

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DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding payment	Total for year
A. Holden	1.5	Jan. 15	1.5	3.0
British Oil & Coke	1.5	Dec. 15	1.5	3.0
Reckitt-Benckiser	0.87	Jan. 8	0.87	1.74
Robertson Foods	1.575	Jan. 8	1.575	3.15
J. E. Sanger	0.1	Jan. 25	0.1	0.2
WGI	2.5	Jan. 25	2.5	5.0

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. * On capital increased by rights and/or acquisition issues. † For 15 months. ‡ Increased to reduce disparity. § Total of 7p forecast.

and March 31, 1977, amounted to £278,000 and £217,000 respectively. Profits declined in the nine months ended December 31, 1977, and amounted to £92,000, but there has been a marked improvement in the current year.

Assets at December 31, 1977, stood at £807,641.

The group's range and geographical spread and more importantly provides considerable overseas potential for the future. On its existing civil engineering side there is just where WGI has been concentrating its efforts and the second half should see an even better return. Elsewhere process engineering has probably seen the most impressive advance and a further sizeable order is anticipated to replace the big Elm Tree storage contract. The refractories side comprises a small part of the overall UK market but while WGI may not be as badly affected as larger producers, the future still looks uncertain given the depressed state of the steel industry. The stock market, meanwhile, is looking to the company's other interests and after finishing the year with a 25p share (assuming full year profits of £2m) stand on a prospective fully taxed 5p of 6.4 and a yield of 5.2 per cent.

WGI's doubled interim profits mainly reflect further steady progress since the 1976-77 piling division has significantly improved. It obviously feels sufficiently confident to buy Dowsett even though the price does not appear cheap. Admittedly, the move complements

its retailing stores in the UK to cut losses from this source. But the huge Astromarket at Hford is still making losses despite a streamlining of the administration and the workforce. At this stage the company has given no clues as to whether a return to profits in the first half of the current year can be expected. The shares fell 2 1/2p to 32p and higher at 120p the shares in current trading position is available there is not much interest in the shares at these levels.

Rivington Reed seeks cash injection

Announcing half time profits down by £100,000 to £207,000, Rivington Reed yesterday said that the company is seeking new shares on the basis of a 10p preference share for every four ordinary held at par. The new shares will be convertible in the years 1980 to 1985 at 70p. In the market Rivington's shares rose 1p to 14p.

Hambros Bank has underwritten the issue other than the 300,000 shares entitled to by Birmingham and Midland Counties Trust, the private company run by Mr. Peter Lacey.

Industrial and Commercial Finance Corporation (ICFC) has sub-underwritten 375,000 new shares (a quarter of the issue) and there is an agreement between ICFC and Birmingham and Midland to ensure that the former will subscribe for at least 15 per cent of the issue.

The half year figures show sales of £1.65m compared with £1.5m in the previous year. Trading profit is up from £473,000 to £495,000 but after interest charges of £495,000 against £164,000 pre-tax profits are down. The rights issue is made to reduce bank borrowings.

During the half year there were extraordinary items of £146,000 not included in the figures relating to expenses arising out of reorganisation of the industrial group involving revaluation of stock and work in progress.

This has given rise to significant non-recurring losses to which has to be added the cost of relocating one of the companies within the division.

The loss is before tax of £8,573 (nil) and an extraordinary credit of £1,400 (nil). The loss per share is 2.85p (0.47p).

Raglan Property shows its old scars

The publication of Raglan Property Trust's accounts for 1977 and 1978 are only of little interest following its financial reconstruction in July.

The reconstruction allowed Raglan to shed responsibility for its £27m debts to its principal bankers—First National Finance Corporation, EBS Investments, National Westminster and Kleinwort Benson—by creating two subsidiaries holding the bulk of group properties. The scheme allowed the parent company to continue trading as a fee earning development consultancy.

The earlier years' results, showing a total cumulative deficit of £22.17m, after revenue losses of £1.4m in 1977 and £945,000 in 1978, relate to the subsidiaries created in July. A pro forma balance-sheet for the separate parent company shows net assets of £237,802, around 1p a share.

And Mr. David Anderson, the chairman, reports that the board "intends to take full advantage of the opportunity that the reconstruction has afforded of re-creating Raglan and making it a worthwhile investment again."

The shares closed 1p lower at 4p.

There was an extraordinary credit of £2.5p (£5,400 debit) for the six months ended September 30, 1978 (£5,400 loss) leaving the net assets at £237,802, around 1p a share.

A dividend of 0.5p net was paid for 1977 from profits of £161,000.

BIDS AND DEALS

British Land now has 29% of City Offices

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

SUMMARY OF THE WEEK'S COMPANY NEWS

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Allen & Unwin	Sept. 30	553 (1,081)	1.2 (1.2)
Leather	June 30	466 (737)	1.507 (7.361)
Small Breweries	Sept. 24½	90,200 (77,200)	7 (5.575)
Small Metal	Sept. 30½	7,430 (5,990)	— (—)
Edwards, Strathelyde	Sept. 30	1,210 (1,191)	1.0 (0.833)
Edwards, Newspapers	Sept. 30	9,210 (7,260)	2.034 (1.852)
Edwards, (P. Health)	July 31	17,819 (18,419)	Nil
Carrick Arrow	Sept. 30	371 (1,140)	0.7 (0.8)
Cranning Group	Sept. 30	405 (425)	1.307 (1.485)
Glenn Lumb	Oct. 8	876 (701)	1.524 (1.361)
Century Oil	Sept. 30	587 (435)	0.605 (0.55)
Capital & County	Sept. 30	1,600 (927)	0.7 (0.5)
Capital	Sept. 30	27,400 (27,000)	0.76 (0.68)
Carlton	June 30	300 (312)	0.53 (0.5)
Carlson (Africa)	Sept. 30	5,190 (4,600)	4.0 (2.662)
Carlson (R.A.)	Sept. 30	144L (80)	Nil (0.779)

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (100)	Earnings* per share (3)	Dividends* per share (3)
Lloyd & Southers	Sept. 29	110 (11.30)	9.00 (9.93)	16.75 (16.75)
Lockhouse	Sept. 30	3,531 (2,613)	15.1 (14.7)	4.046 (3.624)
Low (Albert)	Aug. 31	3,050 (1,278)	4.6 (2.5)	0.663 (0.584)
Mac (M.I.)	June 30	743 (3,430)	3.6 (7.7)	2.03 (1.99)
My's Wharf	Sept. 30	4,550 (2,390)	16.9 (70.4)	3.525 (4.948)
Nash	Mar. 31	1,607 (1,771)	1.6 (1.6)	0.78 (0.78)
Norfolk	Mar. 31	1,280 (1,353)	3.3 (19.7)	2.866 (2.967)
North Sea Sacs	June 30	801 (408)	1.7 (1.1)	0.172 (0.317)
Pacific Potteries	June 30	1,000 (1,000)	6.9 (6.9)	1.38 (1.38)
Plush Sacs	July 31	2,641 (112)	— (6.5)	Nil (3.2)

Offers for sale, placings and introductions

Australian Farming Property: Placing of 2.4m shares at A\$1.25.
Harris Queensway: Offer of 5m ordinary 20p shares at 153p.
Seascope Holdings: Placing of 902,738 10½ per cent Cumulative Preference shares at 97p.

Rights Issues
David Dixon Holdings: One for four at 93p.
Metal Box: One for four at 250p.

EUROPEAN OPTIONS EXCHANGE[illegible]

CLIVE INVESTMENTS LIMITED

Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at November 21, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	128.89
Clive Fixed Interest Income	113.69

1

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London EC3V 3PB. Tel.: 01-623 6314.

Capital	Fixed Interest Portfolio	100.20
	Fixed Income Portfolio	100.20

Income Fixed Interest Portfolio	100.01
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ESPO

5000

£134m to £530m (+33.82%)

2134111 (0.253011) (+33.82 %)

200 increase in profits

500 Increase in profits

795,000 (+34.18%)

limited reports on the unaudited results of the Group for the 24 week period

£000's

24 weeks to 31.3.1977	24 weeks to 31.3.1976
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short-term to comment, as we believe to be the case, that in neither absolute nor relative terms does the London market look overpriced.

For the whole of last year the company paid a single dividend of 5p per 25p share on pre-tax profits of £53,295.

TESCO STORE

ES (POLYMER), LTD.

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

Dow 3 higher in very thin trade

INVESTMENT DOLLAR PREMIUM

32.50 to 33.50 (32.50)
Effective 31.12.78 (32.50)
WITH MANY traders expecting Thursday's Thanksgiving holiday, the Dow Jones Industrial Average rose 3 points to 325.44, its highest level since the market's recovery from the crash of 1929. The Dow Jones Industrial Average closed 3 points higher at 325.44, its highest level since the market's recovery from the crash of 1929. The Dow Jones Industrial Average closed 3 points higher at 325.44, its highest level since the market's recovery from the crash of 1929.

TOKYO

After gaining fresh ground, the market partially reacted on profit-taking to finish with a mixed appearance. Following a heavy business, the Nikkei-Dow Jones Average touched a new record peak of 5,948.88 before reacting to a 3,554.44, leaving a modest gain of 6.02. Volume 3,000 shares, which would show a build-up to a larger daily average.

GERMANY

Stocks mainly drifted easier in a thin business, the Commerzbank index shedding 4.1 to 823.2. In Motors, Volkswagen receded DM 3.40 to DM 240.90 on news of the breakdown of co-operation talks with Nissan AG.

HONG KONG

Share prices declined across the board in light trading, the Hang Seng index losing 13.88 more to 454.72. Swire Pacific fell 55 cents to HK\$ 8.84, Hong Kong Land 45 cents to HK\$ 7.85, Hongkong Bank 40 cents to HK\$ 16.50.

PARIS

Bourse prices were widely lower in quiet conditions. L'Oréal retreated 21 to FF 713 after announcing a proposed capital increase. Carrefour

NEW YORK

After a mixed start, the market moved higher in the afternoon. The Dow Jones Industrial Average rose 3 points to 325.44, its highest level since the market's recovery from the crash of 1929.

AMSTERDAM

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OSLO

After a mixed start, the market moved higher in the afternoon. The Dow Jones Industrial Average rose 3 points to 325.44, its highest level since the market's recovery from the crash of 1929.

STOCKHOLM

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INDICES

NEW YORK DOW JONES	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20
Dow Jones Ind. Avg.	325.44	322.11	320.11	318.11	316.11
S&P 500	132.11	131.11	130.11	129.11	128.11
NASDAQ	1,234.56	1,235.67	1,236.78	1,237.89	1,238.90

MONTEREAL	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20
TSX 300	4,567.89	4,568.90	4,569.01	4,570.12	4,571.23
TSX 600	1,234.56	1,235.67	1,236.78	1,237.89	1,238.90

FRIDAY'S ACTIVE STOCK	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20
Alcoa	12.50	12.40	12.30	12.20	12.10
Amgen	15.00	14.90	14.80	14.70	14.60
Boeing	18.00	17.90	17.80	17.70	17.60

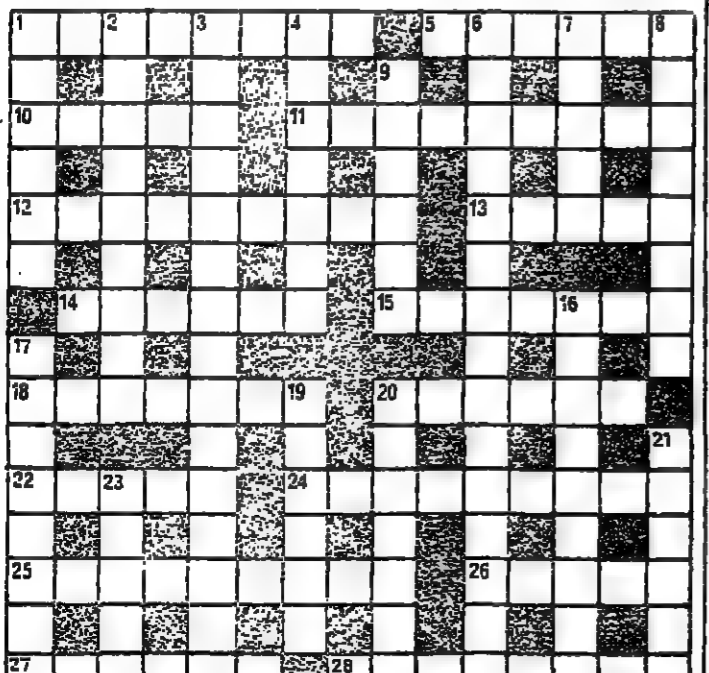
STOCKHOLM	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20
Stockholm 20	1,234.56	1,235.67	1,236.78	1,237.89	1,238.90
Stockholm 40	1,234.56	1,235.67	1,236.78	1,237.89	1,238.90

AMSTERDAM	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20
Amsterdam 20	1,234.56	1,235.67	1,236.78	1,237.89	1,238.90
Amsterdam 40	1,234.56	1,235.67	1,236.78	1,237.89	1,238.90

F.T. CROSSWORD PUZZLE No. 3,832

A prize of £1 will be given to each of the holders of the first three correct solutions. Solutions must be received by next Thursday, 29th November, at the Financial Times, 10, Cannon Street, London, EC4A 3DF. Winners and solution will be given next Saturday.

Name _____
Address _____



- ACROSS**
- Inclement conditions for hair- (4,4)
 - Not out for the reception (4,4)
 - Motorway to East-end has some restriction (5)
 - Succumbed with addition to gain (4,3,2)
 - Stud, links with crowd (9)
 - Supporter's affected walk (13)
 - Change for your old-fashioned bubble (8)
 - Turned in confusion to oriental teeth (7)
 - Slept while hushing about attitude (7)
 - Inflamed Scots leader that people take to their less (8)
 - Able to leave wretched boarder (5)
 - Supplier of writers' needs, Victoria for instance and the present Queen (9)
 - More than one leading ear-man uses an engine (8,6)
 - Jostle the Spanish missile launcher (15)
 - Snag youth leader easily picked up (6)
 - As she's strangely left in the found on shore (13)
- DOWN**
- American state has one company making cloth (6)
 - Sweet fruit to leave out (5,4)

RACING BY DOMINIC WIGAN

Banlieu chosen for wide open Hennessy

TODAY'S Hennessy Cognac Gold Cup at Newbury should be worth going a long way to see, despite a small field, brought about by the continuing hard ground on many trainers' gallops in the south and Midlands.

NEWBURY	1.00	1.30	2.00	2.30	3.00	3.30
1.00 - Chichester Bird	1.30 - Noire Scott	2.00 - Banlieu	2.30 - Connaught Ranger	3.00 - Tre Tangle	3.30 - Hanter	

GERMANY

Nov. 24					Nov. 23					Nov. 22					Nov. 21					Nov. 20				
Nov. 24	Price	+ or -	Dir.	Yd.	Nov. 23	Price	+ or -	Dir.	Yd.	Nov. 22	Price	+ or -	Dir.	Yd.	Nov. 21	Price	+ or -	Dir.	Yd.	Nov. 20	Price	+ or -	Dir.	Yd.
AEG - Venden.	79.9	+ 0.3			Route 4	732	- 1			Alcatraz	574	- 1			17 1/2	592	- 1			Quaker Oats	59 1/2	- 1		
Atlantic Nat. Trp.	277 1/2	1/2			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	2 1/2	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	124.2	- 1.6			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	134.3	- 0.7			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2	0			18 1/2	59 1/2	- 1			Quaker Oats	59 1/2	- 1		
U.S.W.	143.5	- 1			Am. Tobacco	107 1/2	0			Am. Tobacco	107 1/2													

PARIS

254	257	Waynes	254	254	Walker Hums	25	257
154	157	Waynesboro	254	254	West Coast	224	257
154	157	Wilmington	254	254	Wilmington	254	257
254	257	White Con. Ind.	174	174			
254	257	Whitman Co.	16	154			
254	257	Worcester Black	254	254			

1 Bid. 2 Asked. 3 Traded.
 4 Price moved.

AUSTRALIA

	Nov. 26	ASX. #	% Ch.
AGUILL (20 units)	14.38	-0.01	
Arcor Industries	14.38		
AMATEL R	12.10		
Ampco Exploration	12.10	-0.02	
Ampco Int'l	10.15		
Ampco Minerals	11.15	-0.05	
Ampco Pump Paper #1	12.75		
Ampco, Con. Industries	12.80	-0.01	
A.N.T. Foundation Invest	10.15		
A.N.T.	11.80		
Auditing	10.45		
Avco	12.50		
Bambon Creek Gold	10.15		
Ble Metal Int'l	10.95		
B.M. Securities	11.40		
Brasmetal Industries	11.80		
Sherrill Hill Proprietary	11.80		
B.S. Securities	11.80	-0.05	
Wartorn United Services	18.70		
USR (H)	15.25	-0.04	
Centum Unitest	12.30		
Centum Unitest	12.15		
Cos. Goldfields Aust.	15.35	-0.05	
Continental (H)	12.45	-0.05	
Continental Ind.	9.50		
U-said Int'l	21.80		
U-said Int'l (20 units)	10.40		
U.S.B.	10.65		
Enders-mith	12.85	-0.01	
Superior Resources	10.21	-0.01	
S.Z. Industries	12.25	-0.05	
Telecom Int'l	12.15		
Telecom Int'l	12.15		
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Telecom Int'l	12.15		

AUSTRALIA

Nov 24	Nov 23	Nov 22	Nov 21	Nov 20
Australia 20	1,234.56	1,235.67	1,236.78	1,237.89
Australia 40	1,234.56	1,235.67	1,236.78	1,237.89

SOLUTION AND WINNERS

Following are the winners of last Saturday's prize puzzle.

Mr. A. E. Davies, 10 Sydenham Road, St. Cheltenham GL52 6EF

Mr. A. Pitt, 34 Cranbrook Rise, Ilford Essex LG1 9QH

Miss R. Solman, 3 Plodwick Drive, Sanda, Wakefield

BRUSSELS/LUXEMBOURG

Nov. 24	Nov. 23	Nov. 22	Nov. 21	Nov. 20
Brussels 20	1,234.56	1,235.67	1,236.78	1,237.89
Brussels 40	1,234.56	1,235.67	1,236.78	1,237.89

SWITZERLAND

Nov. 24	Free	+ or	Div. Y	
Nov. 24	Free	-	Div. Y	
Nov. 24	Free	-	Div. Y	
Nov. 24	Free	-	Div. Y	
Nov. 24	Free	-	Div. Y	
Nov. 24	Free	-	Div. Y	
Nov. 24	Free	-	Div. Y	
Nov. 24	Free	-	Div. Y	
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MILAN

Nov 24	Nov 23	Nov 22	Nov 21	Nov 20
Milan 20	1,234.56	1,235.67	1,236.78	1,237.89
Milan 40	1,234.56	1,235.67	1,236.78	1,237.89

OSLO

Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	
Oslo 20	1,234.56	1,235.67	1,236.78	1,237.89	1,238.90
Oslo 40	1,234.56	1,235.67	1,236.78	1,237.89	1,238.90

NOTES: Overseas prices include a premium. Belgian dividends are after withholding tax.

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3. Birmingham City Ed. 925 803
 4. Birmingham City Ed. 925 803
 5. Embroidery Instrument (1) 26 4
 6. Embroidery Instrument (1) 26 4
 7. Cedar House 2
 8. Cedar House 2
 9. Church Army Housing Soc. 3 incln. 412
 10. Church Army Housing Soc. 3 incln. 412
 11. Dollar Land 115, 4
 12. Dollar Land 115, 4
 13. G.A. P.C. 115, 4
 14. G.A. P.C. 115, 4
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ALL ENGINEERS All England Lawn Tennis £2500s £2,500 Ann Street, Brewery 475 Manchester House 120 Cambridge Instrument 3 1/2 Cambridge Instrument 3 1/2	NOVEMBER 17 Siebens (UK) 254 3 104 percentage of the stock exchange 104
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Gold Markets

EXCHANGES AND BULLION

The dollar recovered from a weak start to finish on or around its best level against most major currencies. Trading was not particularly buoyant ahead of the weekend, and the U.S. currency rate down to \$1.9360-1.9370. By midday, however, it had recovered to \$1.9400. News of the prime rate increases saw sterling retreat to \$1.4935-1.9363 at the close, a fall of 63 points from

may have been given a little assistance from central banks during the morning. However, during the afternoon, news of further increases in prime rates provoked fresh demand, and the dollar firmed a little further. Against the D-mark it closed at DM 1.8305 compared with DM 1.8187 on Thursday. Similarly the Swiss franc retreated to SfrF 1.7333 against SwFr 1.7180. On Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation stood at 8.3 per cent.

Sterling opened at £1.9450-1.9480 and touched £1.9460-1.9470 before demand for the dollar pushed the

Thursday's close. Sterling was also weaker against other currencies and its trade weighted index fell to 62.3 from 62.5.

The Canadian dollar lost ground after the announcement of C&M trade surplus for October following on a surplus of C\$368 in September. From an overnight level of 53.331 U.S. cents, the Canadian unit fell to 54.73 U.S. cents after opening at 55.30, which turned out to be its high for the day. It closed at 54.821, although trading tended to be light which may have

Gold opened at \$201.203 and closed at \$201.202, a fall of 81 a ounce from the previous day, and a rise of just 85 on the week.

GOLD

Nov. 24 • Nov. 25

Nov. 24 Nov. 25

Gold (million oz) has
opened.

88.04-88.05	Ukraine	17.68	Ukraine	8209.75	8209.75
88.06-88.07	Belgium	59.61	Belgium	8210.00	8210.00
88.08-88.09	Denmark	10.26-10.40	Moravia (Hungary)	8209.75	8209.75
78-20-15	France	3.50-5.00	France	8210.00	8210.00
88.09-88.10	Germany	6.10-6.50	Germany	8210.00	8210.00
88.10-88.11	Italy	1.80-1.70	Italy	8210.00	8210.00
88.11-88.12	Japan	4.00-7.00	Japan	8210.00	8210.00
88.12-88.01	Sweden	4.00-4.00	Sweden	8210.00	8210.00
88.01-88.02	Soviet Union	9.00-10.00	Soviet Union	8210.00	8210.00
88.02-88.03	Switzerland	3.50-4.50	Switzerland	8210.00	8210.00
88.03-88.04	Turkey	1.00-1.00	Turkey	8210.00	8210.00
88.04-88.05	USSR	1.00-1.00	USSR	8210.00	8210.00
88.05-88.06	USSR	1.00-1.00	USSR	8210.00	8210.00
88.06-88.07	USSR	1.00-1.00	USSR	8210.00	8210.00
88.07-88.08	USSR	1.00-1.00	USSR	8210.00	8210.00
88.08-88.09	USSR	1.00-1.00	USSR	8210.00	8210.00
88.09-88.10	USSR	1.00-1.00	USSR	8210.00	8210.00
88.10-88.11	USSR	1.00-1.00	USSR	8210.00	8210.00
88.11-88.12	USSR	1.00-1.00	USSR	8210.00	8210.00
88.12-88.01	USSR	1.00-1.00	USSR	8210.00	8210.00
88.01-88.02	USSR	1.00-1.00	USSR	8210.00	8210.00
88.02-88.03	USSR	1.00-1.00	USSR	8210.00	8210.00
88.03-88.04	USSR	1.00-1.00	USSR	8210.00	8210.00
88.04-88.05	USSR	1.00-1.00	USSR	8210.00	8210.00
88.05-88.06	USSR	1.00-1.00	USSR	8210.00	8210.00
88.06-88.07	USSR	1.00-1.00	USSR	8210.00	8210.00
88.07-88.08	USSR	1.00-1.00	USSR	8210.00	8210.00
88.08-88.09	USSR	1.00-1.00	USSR	8210.00	8210.00
88.09-88.10	USSR	1.00-1.00	USSR	8210.00	8210.00
88.10-88.11	USSR	1.00-1.00	USSR	8210.00	8210.00
88.11-88.12	USSR	1.00-1.00	USSR	8210.00	8210.00
88.12-88.01	USSR	1.00-1.00	USSR	8210.00	8210.00
88.01-88.02	USSR	1.00-1.00	USSR	8210.00	8210.00
88.02-88.03	USSR	1.00-1.00	USSR	8210.00	8210.00
88.03-88.04	USSR	1.00-1.00	USSR	8210.00	8210.00
88.04-88.05	USSR	1.00-1.00	USSR	8210.00	8210.00
88.05-88.06	USSR	1.00-1.00	USSR	8210.00	8210.00
88.06-88.07	USSR	1.00-1.00	USSR	8210.00	8210.00
88.07-88.08	USSR	1.00-1.00	USSR	8210.00	8210.00
88.08-88.09	USSR	1.00-1.00	USSR	8210.00	8210.00
88.09-88.10	USSR	1.00-1.00	USSR	8210.00	8210.00
88.10-88.11	USSR	1.00-1.00	USSR	8210.00	8210.00
88.11-88.12	USSR	1.00-1.00	USSR	8210.00	8210.00
88.12-88.01	USSR	1.00-1.00	USSR	8210.00	8210.00
88.01-88.02	USSR	1.00-1.00	USSR	8210.00	8210.00
88.02-88.03	USSR	1.00-1.00	USSR	8210.00	8210.00
88.03-88.04	USSR	1.00-1.00	USSR	8210.00	8210.00
88.04-88.05	USSR	1.00-1.00	USSR	8210.00	8210.00
88.05-88.06	USSR	1.00-1.00	USSR	8210.00	8210.00
88.06-88.07	USSR	1.00-1.00	USSR	8210.00	8210.00
88.07-88.08	USSR	1.00-1.00	USSR		

[illegible]

	West German Mark	French Franc	Italian Lira	Asian Yen	Japanese Yen
1949	516-58	816-64	19-23		N.A.
1950	51-58	86-71	12-13	9-10-11	2-2-1/2
1951	51-58	7-28-79	13-17	10-11	2-2-1/2
1952	51-58	9-2-92	15-16	11-11-1/2	15-16
1953	51-58	9-2-92	16-17	11-11-1/2	15-16
1954	4-4-1/2	10-10-10 3/4	16-17	11-11-1/2	15-16

one month 10.30-10.40 per cent; three months 11.20-11.40 per cent; six months 11.50-12.00 per cent; four years 10.30-10.35 per cent; five years 10.30-10.35 per cent; nominal rate for dollars; two-day call for goldsters and Swiss francs. Annual rates for dollar rates in London.

No.	Flat yield	Red. yield	Premium		Income			Cheep (+) Dear (-) %	
			Current	Range	Equ.	Conv.	Diff.	Current	
9.4	9.3	6.1	~ 7 to 9	3.2	4.7	- 0.6	- 6.6		
5.8	2.6	- 4.3	~ 8 to 7	8.8	4.8	- 1.0	+ 3.3		
7.7	7.1	21.6	1 to 26	0 0	91.0	70.9	- 49.3		
8.7	9.1	- 1.4	- 11 to - 1	3.5	0 0	4.6	- 2.2		
15.3	15.4	62.1	.38 to 62	23.9	44.9	28.9	- 28.2		
8.8	9.9	2.5	- 1 to 8	3.3	6.1	- 3.3	- 5.8		

1.9	0.3	-16 to 1	9.5	3.4	-1.6	-1.3	
6.6	2.3	10.9	3 to 15	32.7	46.4	9.6	-1.3
5.0	5.1	-0.2	-3 to 3	5.0	4.8	-0.3	-0.0
8.8	11.9	12.8	1 to 21	7.1	3.5	-4.3	-22.5
6.0	6.2	13.7	9 to 19	0.6	61.2	51.9	+36.3
11.5	11.7	29.5	25 to 35	29.4	25.9	13.3	-13.2

convertible. The extra cost of investment in convertible expressed as per cent of the value of ordinary shares in which £100 nominal of convertible stock is convertible into £100 nominal of ordinary shares is greater than income on £100 nominal of convertible or the final value of the shares at the end of the period. The extra cost of investment in convertible expressed as per cent of the value of ordinary shares is greater than income on £100 nominal of convertible or the final value of the shares at the end of the period. The extra cost of investment in convertible expressed as per cent of the value of ordinary shares is greater than income on £100 nominal of convertible or the final value of the shares at the end of the period.

6.3	2.3	10.9	3 to 15	32.7	99.4	9.6	- 1.3
5.0	5.1	- 0.2	- 3 to 3	5.0	4.3	- 0.3	0.0
8.8	11.9	18.3	1 to 21	7.1	3.5	- 4.3	- 22.5
8.0	6.2	13.7	9 to 19	0.0	61.2	51.9	+ 36.3
11.5	11.7	28.5	23 to 38	29.4	25.8	17.3	- 13.2

* The extra cost of investment in convertible expressed as per cent of the number of shares into which \$100 nominal of convertible stock is converted. Where the number of shares is greater than income on \$100 nominal of convertible, the "margin" is negative and is shown in parentheses. The "margin" is the difference between the premium and income difference expressed as per cent of the value of the relative shares.

OFFSHORE AND OVERSEAS FUNDS

[illegible][illegible]

INSURANCE BASE RATES

Nov. 15	122	—	—	—	Life Assur. Co.
Nov. 15	51.0	—	—	—	39-42 New Bond
Nov. 28	172.5	182.0	—	—	

Life & Commerce Insurance
 100 St. Louis W 18 5FE 01-439 7081
 100 St. Louis W 18 5FE 01-439 7081

do not include \$ premium, except where indicated [†] and are in cents unless otherwise noted. Yields % shown last column given for all living expenses. Offered prices include all expenses. * Today's price. † Yield based on offer price. ‡ Estimated. § Today's price. ¶ Distribution free of U.S. taxes. || Periodic premium insurance plans. Single premium insurance. x Offered price includes all expenses except agent's commission. and price includes all expenses if bought through managers. x Previous day's price. † of tax on realized capital gains unless indicated. ‡ Pharmacy drugs. § Suspended. ¶ Yield before Jersey tax. † Ex-subscription.

FINANCE, LAND—Continued

	High	Low	Stock	Price	Chg	Dis.	Cr.
100	112	112	London Ind. 1956	171	0	0	—
101	112	112	Long Term	107	0	0	—
102	112	112	Long Term	107	0	0	—
103	112	112	Long Term	107	0	0	—
104	112	112	Long Term	107	0	0	—
105	112	112	Long Term	107	0	0	—
106	112	112	Long Term	107	0	0	—
107	112	112	Long Term	107	0	0	—
108	112	112	Long Term	107	0	0	—
109	112	112	Long Term	107	0	0	—
110	112	112	Long Term	107	0	0	—
111	112	112	Long Term	107	0	0	—
112	112	112	Long Term	107	0	0	—
113	112	112	Long Term	107	0	0	—
114	112	112	Long Term	107	0	0	—
115	112	112	Long Term	107	0	0	—
116	112	112	Long Term	107	0	0	—
117	112	112	Long Term	107	0	0	—
118	112	112	Long Term	107	0	0	—
119	112	112	Long Term	107	0	0	—
120	112	112	Long Term	107	0	0	—
121	112	112	Long Term	107	0	0	—
122	112	112	Long Term	107	0	0	—
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126	112	112	Long Term	107	0	0	—
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198	112	112	Long Term	107	0	0	—
199	112	112	Long Term	107	0	0	—
200	112	112	Long Term	107	0	0	—

OILS							
	High	Low	Stock	Price	Chg	Dis.	Cr.
100	112	112	London Ind. 1956	171	0	0	—
101	112	112	Long Term	107	0	0	—
102	112	112	Long Term	107	0	0	—
103	112	112	Long Term	107	0	0	—
104	112	112	Long Term	107	0	0	—
105	112	112	Long Term	107	0	0	—
106	112	112	Long Term	107	0	0	—
107	112	112	Long Term	107	0	0	—
108	112	112	Long Term	107	0	0	—
109	112	112	Long Term	107	0	0	—
110	112	112	Long Term	107	0	0	—
111	112	112	Long Term	107	0	0	—
112	112	112	Long Term	107	0	0	—
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196	112	112	Long Term	107	0	0	—
197	112	112	Long Term	107	0	0	—
198	112	112	Long Term	107	0	0	—
199	112	112	Long Term	107	0		

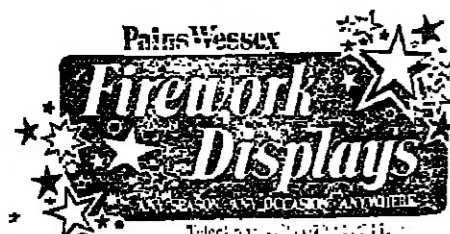
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503	Pres. No. 144: —	60
616	S. Helena 21 —	71
144	Cessel —	18

[illegible]

3-month Call Rates

[illegible]



MAN OF THE WEEK

Mission to Rhodesia

BY PHILIP RAWSTORNE

FEW OF Mr. James Callaghan's appointments have been endorsed with such warm approval by the Commons as his choice this week of Mr. Clodwyn Hughes for the Rhodesian record mission.

The all-party acclaim is a measure of the personal popularity, esteem and trust that the MP for Angelsey has secured during his 27 years at Westminster. For Mr. Hughes, the Rhodesian mission comes as an unexpected climax to a political career that is drawing to a close. "Unpredictability is one of the hazards and charms of political life," he told the Commons earlier this month.

Having, according to his retirement at the next General Election, he was pleasantly surprised to find himself back in the Commons, moving the Local Address to the Queen, at the opening of another session.

"I am not sorry to be here for a while longer," he confessed.

—and Labour MPs in mutual delight, promptly re-elected him chairman of the parliamentary party. The persuasive, behind-the-scenes influence which Mr. Hughes has exerted in this post over the past four years cannot now for much of the confidence placed in him at the Prime



Clodwyn Hughes
Dramatic climax to his political career

Minister and the Commons. He has not rank as an intellectual, though he is a political astute, independent of mind, and has the quick humour and gently beginning manner that wins acceptance.

In his African mission, he will be able to draw on the experience acquired as Commonwealth Minister of State at the time of Rhodesia's UDI, when he headed Government delegations to Salisbury and Bulawayo.

Mr. Hughes' career provides one of the supreme examples of the local boy who made good. Born in Holyhead, the son of a Presbyterian Minister, he has retained affectionately close ties with his native background. He is now president of University College, Aberystwyth, where he studied to become a solicitor, a freeman of Beaumaris and Anglesey where for more than 25 years he has presided at the annual eisteddfod.

Mr. Hughes played an active part on Commons backbench committees and when the Wilson Government took office in 1964 was an obvious choice for a middle-rank post. After two years at the Commonwealth Office, he was promoted to the Cabinet in 1966 as Secretary for Wales. For a man who reckons to have conducted all but a handful of his election meetings in Welsh, it represented the summit of achievement. Mr. Hughes revelled in his enjoyment of the post and eagerly hid his disappointment on his transfer in 1968 to Minister of Agriculture.

With humorous self-deprecation, he tells friends now that his only noticeable success at the department was erasing the little lion from the country's eggs.

After Labour's defeat in 1970, he remained on the Opposition front bench as agricultural spokesman for a year. But as an ardent pro-Market, he gradually became detached from the Wilson leadership. Passed over for a Government post after the 1974 elections, he was drafted by moderate Labour MPs to challenge leftwing Mr. Ian Mikardo as chairman of the parliamentary party.

He won—and in his conscientious and considerate use of the post as a liaison between Government and backbenchers consolidated the respect of both sides. When Mr. Callaghan, a life-long friend became Premier, Mr. Hughes declined to return to the backstage role of mediator.

Mr. Callaghan had cause to be grateful. The decision enabled Mr. Hughes last year to play a crucial and still largely unexplored part in securing the Life-Lab pact which guaranteed the Government's survival. It was a useful grounding for his self-defined mission next week as "an explorer of possibilities." If there is even a hint of compromise in Rhodesia, Mr. Hughes is the man to detect it.

Interest rates boost for National Savings

BY EAMONN FINGLETON

THE TREASURY surprised the City yesterday by announcing a highly competitive new package of National Savings offers.

The interest rate of "investment account" deposits at the National Savings Bank is being raised from 9½ per cent to a record 12 per cent, two points above the previous highest rate announced in the wake of the autumn 1976 sterling crisis.

The Department is also bringing in a new issue of National Savings certificates which will offer a return of 9.45 per cent free of all tax to anyone who holds for the maximum five years. The new issue will go on sale from the end of January, when sales of the current 14th issue will be suspended.

The savings bank investment account is already popular with non-taxpayers, particularly pensioners and the new rate will enhance its attractions. Investment account deposits are withdrawn on one month's notice. The higher rate, which comes in on January 1, will put pressure on the major banks to raise their deposit rates. At present, they offer 10 per cent on ordinary deposits and for one-month money of £10,000 or more the rate at Barclays yesterday was 11½ per cent.

The investment account will now again be attractive for short-term institutional funds, but the present ceiling of £50,000 on deposits will limit inflow of hot money.

The new National Savings certificate issue, to be named the 18th, will provide some competition for the building societies, but is not expected to force them to make fresh increases in their savings and mortgage rates.

Mr. Norman Grigg, secretary-general of the Building Societies Association, said: "The Government's move serves to confirm that high interest rates are with us for some time to come, and it justifies the intention of building societies to increase their investment rates from December 1."

The societies expect that about £100m of savings will be withdrawn by high-rate taxpayers in the first weeks after the new issue comes in.

The issue represents almost unbeatable value for anyone paying more than standard rate tax.

The maximum holding per investor will be relatively low at £1,500, a measure which will

limit the impact on building societies.

Investors can hold up to £3,000 of the current National Savings certificate issue, which yields 7.59 per cent free of tax over four years.

The jump from the 14th to the 15th issue is explained by the existence of three special intervening issues, the 15th, the pensioners' issue, remains on sale; the 16th was offered briefly and then withdrawn in favour of the 14th; and the 17th was announced earlier this year but never launched because interest rates shot up before it went on sale.

Michael Blandan writes: Short-term interest rates continued to decline in the London money markets yesterday, with a further fall in the average rate on Treasury bills at the weekly tender.

The bill rate dropped to 11.525 per cent, compared with 11.734 per cent a week earlier. On the old market-related formula for determining the Bank of England's minimum lending rate, which was abandoned last May, this would again have produced an MLR of 12½ per cent against the present rate of 12½ per cent.

Overall, both the level of grant and its distribution, with the exception of London and in particular inner London, held few surprises and was little changed from the 1973-74 settlement.

Out of an additional £95m in grants London will receive an extra £41m, of which £33.5m will go to inner London. The only other major, though not unexpected, change in the package is that Mr. Shore has finally decided to give the "needs element" part of the grant, related to district council expenditure, direct to the non-metropolitan district councils, rather than to the counties.

In spite of Treasury pressure for a reduction in the percentage grant, Mr. Shore has kept the grant at 61 per cent of overall approved council spending which is to be £14,109m at November, 1978, prices.

This includes local authority current expenditure of £12,050m, a 1.6 per cent increase over the expected total local authority expenditure this year, and about 1 per cent more than budgeted expenditure this year. Total grants for 1979-80 will be £8,607m of which £7,358m is the rate support grant.

Mr. Shore has set a tight limit on expenditure—the provision to increase grants in line with increases in pay and prices. The £17m cash limit reflects both Government policy on pay increases and Government forecasts of a 7.5 per cent inflation rate on items affecting local government expenditure.

The continuation of a dampening factor and a "safety net" provision which limits the grant to any individual local authority to the equivalent of a 2½ per cent increase in staffing and major problems caused by sudden grant loss.

Introducing the package, Mr. Shore said that, with the re-operation of local authorities, the settlement would allow them to keep average rate increases below 10 per cent.

Reaction of the local authority associations to the settlement was naturally mixed, although none of the associations appeared to consider average rate increases in single figures to be a serious possibility.

Sir Duncan Lock, chairman of the 333-strong Association of District Councils, described the settlement as "a move in the right direction".

Mrs. Elizabeth Coker, chairman of the Association of County Councils executive council said that for the sixth successive year, the non-metropolitan areas would lose grants and county ratepayers would have to pay higher rates.

Councillor "Tag" Taylor, chairman of the Association of Metropolitan Authorities, said that to talk of single figure rate increases was optimistic and perhaps misleading, "and there some areas."

Michael Dixon, Education Correspondent, writes: An overall increase of £290m to £300m in educational expenditure could be made in 1979-1980, provided that local authorities did not continue underspending their budgets, said Mrs. Shirley Williams, Secretary for Education, yesterday.

Such of the increase allowed for in the rate support grant settlement—presenting a 3½ per cent rise on the actual educational spending in 1977-78—was due to go on teachers.

The grant permitted the general teaching force to be maintained at 8,500 teachers more than were technically justified by the declining pupil population—compared with a "house element" of only 7,600 fore-shadowed by the 1973-74 Expenditure White Paper.

The settlement also provided for enough extra teachers to enable the numbers released from schools for in-service training to be increased from 5,000 to 9,000 in 1979-80. There was room for another 1,000 extra staff to boost the teaching strength of schools in poor areas.

effect of changes in nominal exchange rate seems to have been slower and less certain.

"In some countries the volume of exports has held up in a striking way in spite of sharp exchange rate depreciation and lower costs have offset much of the effects of the appreciation."

"The Government for its part has made it clear that it does not regard exchange rate depreciation as a solution to the economic problems still facing the UK."

The European Monetary System, Green Paper Cmd 7405, price 50p from the Stationery Office.

In recent years, however, the

Syndicate excludes Rothschild Bank from Arab bond issue

BY NICHOLAS COLCHESTER

AN INVESTMENT bank with Jewish connections has been excluded from an international bond issue because of the Middle East crisis.

Rothschild Bank, the Zurich associate of the London merchant bank, was asked to leave the syndicate for a SwFr 50m floating rate note issue for the Banque Nationale d'Algerie.

The issue was managed by Ransome, Gutzwiller, Kurz, Bannister & Co., Mr. Jean-François Kurz, general manager, confirmed yesterday that an Arab syndicate had been assembled for the issue including two banks that are not usually members of the Gutzwiller syndicate: Saudi Finance Company and Arab Bank Overseas.

He said that after discussions between these banks and the Banque Nationale d'Algerie, one

of Algeria's state banks, the borrower had asked that Rothschild be excluded from the syndicate. The Algerian bank had emphasised that the request was made only because of political tensions.

Mr. Gilbert de Botton, managing director of Rothschild in Zurich, said he had reacted to his bank's exclusion "more in sorrow than in anger." He did not really expect Gutzwiller to take up cudgels on Rothschild's behalf, but he was not certain that Rothschild would participate in Gutzwiller syndicates in future.

Difficulties resulting from Arab-Israeli enmity have been much less prevalent recently than in 1974-75. In the wake of the Yom Kippur war and with the Arab oil exporters in the first flush of their financial power, some Arab banks insisted on the

exclusion of underwriters with Jewish connections from international bond syndicates before they would make their purchases, and placing power available in the Eurobond market.

where underwriting syndicates tend to be assembled on a case-by-case basis, it has always been possible to choose syndicate members "diplomatically" and thus, to some extent, to sweep the matter under the carpet.

In Switzerland, however, underwriting syndicates are clubs with permanent members, all of whom play their determined part as each issue arises.

Guest members for any particular issue can be invited in, as were the Arab banks in this case, but an existing member, such as Rothschild, has to be asked to leave if it is not to participate.

Belgians in £1bn steel rescue

BY GILES MERRITT

BRUSSELS, Nov. 24.

THE Belgian Government has launched a rescue plan for the steel industry that is expected to cost about Bfr 600m (£1bn) and could involve almost a third of the country's 45,000 workers losing their jobs.

The Government has also, in

advance of the December 17 general election, promised comparable measures for the textile and shipbuilding industries, as important to the Flemish regional economy as steel to French-speaking Wallonia.

The modernisation and restructuring scheme will span the period 1979-85, and is based on substantial State participation in the country's half-dozen main steelmakers.

Belgian trade unions have warned that the plan could cost 15,000 jobs, but agreed to it last night in principle in negotiations with Government and employers.

A final union decision will not come until the end of January after examination of the re-employment programme being set up with the backing of a special

BFRs.35bn fund.

Under the plan, the Belgian State takes a 60 per cent stake in Cockerill, largest of the steel producers which recorded a BFRs.73bn loss last year, and in the Charleroi area in a number of companies known as the Tri-angule.

State participation in the less hard-pressed concerns, such as the very modern Sidmar subsidiary of Luxembourg's Arbed, and the Clabecq company, will be substantially lower, at 30 to 35 per cent.

The Government's holdings will be divided 50-50 between two state bodies, the Societe Nationale d'Investissements and the Societe Regionale d'Investissement.

Details, Page 2

W. German trade surplus up DM2.3bn on last year

BY ADRIAN DICKS

BONN, Nov. 24.

WEST GERMANY'S trade surplus during the first 10 months of this year amounted to DM3.4bn (99bn), up DM2.3bn from the same period last year. For October alone, DM4.8bn, the highest surplus for a single month this year was recorded.

But this was the same as for October last year, and was only DM100m more than last September.

For the current account as a whole, the surplus for the first 10 months of this year was DM3.9bn, compared with DM3.9bn for the same period last year. Here, a DM500m increase to DM4.4bn in "transfers" deficit (mainly

foreign workers' remittances) was more than offset by a sharp reduction of the deficit in services (mainly foreign travel) by Germans) from DM12.2bn to DM8.5bn.

The provisional figures issued by the Federal Statistical Office today continue to show a brisk increase in both imports and exports which, during October, were up by 10 per cent and 8 per cent respectively from October last year.

The latest figures point to a continued trend in West Germany's favour in the terms of trade—a development which senior officials have used to explain the swelling surplus on the trade account.

Weather

UK TODAY

A COLD showery north-westerly airstream will cover the British Isles. Over Scotland, Northern Ireland and Northern England there will be wintry showers, more frequent in Western areas with the best of the sunshine in the East.

Over Wales and Western Districts of England there will be scattered showers, wintry over high ground while in Eastern Districts there will be sunny periods with perhaps a few showers. It will be rather cold everywhere.

Outlook: Sunny intervals and wintry showers but rain with perhaps some snow, may spread to many North-Western parts later. Rather cold with night frosts.

From the London Weather Centre

BUSINESS CENTRES

	Y day	midday	T day	midday
Aberdeen	10	10	10	10
Adelaide	10	10	10	10
Auckland	10	10	10	10
Bombay	10	10	10	10
Buenos Aires	10	10	10	10
Calcutta	10	10	10	10
Canton	10	10	10	10
Cebu	10	10	10	10
Colon	10	10	10	10
Hankow	10	10	10	10
Harbin	10	10	10	10
Hong Kong	10	10	10	10
Kobe	10	10	10	10
London	10	10	10	10
Lyons	10	10	10	10
Manila	10	10	10	10
Medan	10	10	10	10
Osaka	10	10	10	10
Paris	10	10	10	10
Rangoon	10	10	10	10
Shanghai	10	10	10	10
Singapore	10	10	10	10
Tokyo	10	10	10	10
Yokohama	10	10	10	10

HOLIDAY RESORTS

	Y day	midday	T day	midday
Algeria	10	10	10	10
Algeria	10	10	10	10
Algeria	10	10	10	10
Algeria	10	10	10	10
Algeria	10	10	10	10
Algeria	10	10	10	10
Algeria	10	10	10	10
Algeria	10	10	10	10
Algeria	10	10	10	10
Algeria	10	10	10	10

Councils told to keep rate increases below 10%

BY PAUL TAYLOR

THE GOVERNMENT yesterday told local authorities in England and Wales to keep the next round of rate increases to "single figures."

But the local authority associations described this hope as "at best optimistic and at worst unrealistic." Tight spending limits and uncertainty over pay deals were the problems.

Mr. Peter Shore, Environment Secretary, said the Government's 1979-80 rate support grant to local authorities announced yesterday provided for a "modest" increase in local government spending, but was aimed at maintaining "stability and consistency."

Overall, both the level of grant and its distribution, with the exception of London and in particular inner London, held few surprises and was little changed from the 1973-74 settlement.

Out of an additional £95m in grants London will receive an extra £41m, of which £33.5m will go to inner London. The only other major, though not unexpected, change in the package is that Mr. Shore has finally decided to give the "needs element" part of the grant, related to district council expenditure, direct to the non-metropolitan district councils, rather than to the counties.

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Mr. Shore has set a tight limit on expenditure—the provision to increase grants in line with increases in pay and prices. The £17m cash limit reflects both Government policy on pay increases and Government forecasts of a 7.5 per cent inflation rate on items affecting local government expenditure.

The continuation of a dampening factor and a "safety net" provision which limits the grant to any individual local authority to the equivalent of a 2½ per cent increase in staffing and major problems caused by sudden grant loss.

Introducing the package, Mr. Shore said that, with the re-operation of local authorities, the settlement would allow them to keep average rate increases below 10 per cent.

Reaction of the local authority associations to the settlement was naturally mixed, although none of the associations appeared to consider average rate increases in single figures to be a serious possibility.

Sir Duncan Lock, chairman of the 333-strong Association of District Councils, described the settlement as "a move in the right direction".

Mrs. Elizabeth Coker, chairman of the Association of County Councils executive council said that for the sixth successive year, the non-metropolitan areas would lose grants and county ratepayers would have to pay higher rates.

Councillor "Tag" Taylor, chairman of the Association of Metropolitan Authorities, said that to talk of single figure rate increases was optimistic and perhaps misleading, "and there some areas."

Michael Dixon, Education Correspondent, writes: An overall increase of £290m to £300m in educational expenditure could be made in 1979-1980, provided that local authorities did not continue underspending their budgets, said Mrs. Shirley Williams, Secretary for Education, yesterday.

Such of the increase allowed for in the rate support grant settlement—presenting a 3½ per cent rise on the actual educational spending in 1977-78—was due to go on teachers.

The grant permitted the general teaching force to be maintained at 8,500 teachers more than were technically justified by the declining pupil population—compared with a "house element" of only 7,600 fore-shadowed by the 1973-74 Expenditure White Paper.

The settlement also provided for enough extra teachers to enable the numbers released from schools for in-service training to be increased from 5,000 to 9,000 in 1979-80. There was room for another 1,000 extra staff to boost the teaching strength of schools in poor areas.

effect of changes in nominal exchange rate seems to have been slower and less certain.

"In some countries the volume of exports has held up in a striking way in spite of sharp exchange rate depreciation and lower costs have offset much of the effects of the appreciation."

"The Government for its part has made it clear that it does not regard exchange rate depreciation as a solution to the economic problems still facing the UK."

The European Monetary System, Green Paper Cmd 7405, price 50p from the Stationery Office.

In recent years, however, the

THE LEX COLUMN

U.S. stopper for gilt-edged

Interest rates on both sides of the Atlantic were moving in opposite directions yesterday.

Here in London the Treasury Bill rate at the weekly tender fell for the second week running, while across in America the banks were unusually hoisting their prime rates by as much as half a point to 11½ per cent.

The pound was slightly easier following these moves, and gilt-edged prices were a shade easier. But generally the UK financial markets appeared to be fairly relaxed about the upward move in U.S. rates.

The surprise 2½ percentage points rise in Minimum Lending Rate a couple of weeks ago now seems to make much more sense since it gives the UK authorities a little more flexibility and U.S. prime rates will probably have to top 12 per cent before they begin unsettling the UK interest rate structure.

However, the rise in U.S. interest rates does make it that much more difficult for UK rates to decline. Last week it was still possible to find one or two voices around the discount market who thought M.L.R. could fall relatively soon. This perhaps partly explains the way treasury bill rates are being bid down and the slightly surprising firmness in the short end of the gilt-edged market.

But with one year gilts yielding just over 11 per cent and one month money costing over 12 per cent there is a limit to how far prices in the short end of the market can rise.

Indeed, the stock explanation for the recent firmness of short-dated gilt is the absence of a dated gilt at the end of the market. By contrast the long and medium dated tap stocks are overhanging the market at the moment, and this limits the scope for improvement here.

One broker put it, it is currently very much a "collectors' market." The institutions have had their fill of gilts for the time being but on bouts of weakness, they are prepared to dip in and collect some more stock.

Against this background, the

Index rose 3.9 to 479.9

gilt-edged market looks set to drift into the Christmas holiday season and could start moving ahead early next year when the Government should have nearly finished its funding programme and loan demand should be tailing off.

Bank disclosure

Pity the clearing bankers. They are in for a worrying weekend trying to decide how they should handle Sir Harold Wilson's committee when they appear before it on Tuesday.

Sir Harold has already supplied the clearers with a list of the questions he would like answers to—including areas such as banking supervision, competition, fiscal neutrality, and the case for public ownership of banking. But most immediately embarrassing for the clearers are the penetrating questions they have been told to expect on the sensitive question of disclosing bad debt provision.

The Wilson Committee has already noted that a high level of disclosure was established by the clearers last year to look into the issue of bad debt disclosure. Eight months on, Wilson no doubt feels it is time the clearers had some answers on bad debts. The question of disclosing the maturity structure of bank deposits will also crop up.

Unfortunately, though accepting the general principle of a more disclosure of bad debt provisions, the clearers are finding it difficult to agree on the extent and the timing. Indeed, later news is that the Big Four are split down the middle—with two, rumoured to be Midland and National Westminster, in favour of doing something in their 1978 accounts. Barring any last minute change of heart it seems possible that one of these, at least, will break ranks in the next batch of annual reports.

The disagreement does not end there. Some of the more liberal bankers even want to abolish the whole mumbo-jumbo of bank accounting. More and more of them are accepting the case for dropping the special accounting rules. Sir Harold Wilson's intervention may hurry up the laggards—especially since Tuesday's evidence will be released to the Press afterwards.

National Savings

The big increase in national savings rates announced yesterday highlights the way that the Government is coming to rely on sources of finance which up to a year or two ago had been largely unexploited. National savings have recently been shipping in a handy £150m or so a month towards the Government's borrowing requirements.

Together with certificates of tax deposit—another funding device which is being tapped more aggressively than it ever used to be—they have financed over £300m of central government